



INDEPENDENT

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Stumbling win
cheers Bruno

MONDAY

18 DECEMBER 1995

Move to close billion-pound tax loophole

Murdoch tactics may be outlawed

ROGER TRAPP
and MATTHEW HORSMAN

Corporations that avoid paying billions of pounds in tax every year – such as Rupert Murdoch's News International – could be caught out by a new rule being considered by the Inland Revenue.

Instead of being allowed to shift money from company to company and from country to country simply to avoid paying tax, corporations would have to be able to show that the transactions had a valid business purpose.

The proposed anti-avoidance measures, similar to those already in use in countries such as Canada and Australia, come in the wake of revelations, first published in the *Independent*, of the extensive use of tax avoidance tactics by companies such as News International, Mr Murdoch's UK-based publisher of national newspapers.

News International, which owns four national titles, including the *Times* and the *Sun*, has earned nearly £1bn in net profits since 1986, but has paid a net tax rate of only 12 per cent.

It has made extensive use of intra-company transactions, sometimes involving off-shore subsidiaries, that have had the effect of minimizing completely legally, its tax bill.

The Revenue is looking at requiring UK-domiciled companies to demonstrate that transactions have been made for "business purposes" rather than simply to avoid paying tax. Other tax jurisdictions, including Canada, have succeeded in clamping down on tax avoidance through "rigorous" application

of the business purpose test. The fresh attack on corporate tax avoiders is contained in a little-noticed consultation document published by the Inland Revenue shortly before last month's Budget.

While the paper, for which responses are required by next March, has been generally welcomed by tax advisers as an aid to interpreting Britain's increasingly complicated tax laws, some specialists believe that the

Inside

How 'single tax' plan collected £1.6bn
The Monday interview page 19

idea of pre-transaction rulings – decisions on tax treatment given by the Revenue before transactions are undertaken – is in fact linked with general anti-avoidance measures.

The Revenue says that bringing in pre-transaction rulings would fit in with the introduction of Pay and File and Self-Assessment because they would help taxpayers comply with their obligations, encourage voluntary compliance with tax laws and make the UK more attractive as a location for international business.

But some specialists believe that general anti-avoidance measures might be less than fully effective because of the difficulty of proving the intent of the company involved.

The moves from the Revenue come amid growing signs of a more concerted clampdown on tax avoidance by the authorities.

It paid no tax on profits of £77m last year and does not expect to pay any tax for some years to come.

Poll will not halt reforms – Yeltsin



Curtain call: President Yeltsin smiles after leaving the polling booth in central Moscow where he cast his vote in yesterday's election

PHIL REEVES
Moscow

An embattled Boris Yeltsin yesterday staved off possible political humiliation by vowing to press ahead with economic reforms, no matter what voters decided in yesterday's parliamentary elections.

Predictions continued that the Communist Party had emerged with big gains but Mr Yeltsin scoffed at suggestions that a return to Communism was possible in Russia. "No, and no again", he said, as he cast his ballot at a sanatorium near Moscow, where he is recovering from a heart attack. He declared: "No circumstances would force me to abandon the course of reforms I have taken."

Despite evidence that much of the 105-million electorate is disillusioned with politics, 63 per cent appeared to have voted. By 6pm in Moscow almost half the eligible voters had braved heavy snow to cast their ballot for the State Duma, or lower house of parliament. Only in Chechnya, where fierce fighting continued, were polling booths empty.

The President also gave a surprising vote of confidence to Viktor Chernomyrdin, defying speculation that the Prime Minister, whom Western governments would love to see in the Kremlin, would be fired as a scapegoat for the administration's unpopularity. Mr Yeltsin indicated he may be gearing up to dismiss others in his government, but said the new government would be headed by Mr Chernomyrdin.

Scoring victory, Gennady Zyuganov, leader of the Communist Party of the Russian Federation, used his visit to the ballot box to assure there would be no return to old-style Communism, despite his party's commitment to restricting privatisation, increasing the state's economic control and holding a referendum on the restoration of the Soviet Union.

"It is impossible to lead in the old way," he said. "On a big ship, one does not jerk the helm sharply."

But, if his party does prevail, such declarations are likely to be regarded with suspicion by Russian reformers and Western diplomats. The elections are the equivalent of a primary for next year's presidential race, if it goes ahead.

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PM faces new Euro-revolt

PATRICIA WYNNE DAVIES
Political Correspondent

John Major is threatened with defeat tomorrow in another revolt by Euro-rebels and with the prospect of his overall Commons majority being eroded to just one.

He also faces renewed embarrassment over the actions of the Ofot regulator, Peter Davis, who was yesterday under intense pressure to resign, anger over huge pensions for the heads of privatised utilities and protests by senior Tory backbenchers over the rail sell-off.

Almost a dozen rebels, formerly "whipless" MPs and those from fishing constituencies, could withdraw support in a vote tomorrow which comes ahead of expected EU-imposed cuts in British fishing quotas at a Brussels meeting on Thursday.

A number of Tory MPs are expected to air other EU grievances.



bastening the election and depriving the Government of the chance of a give-away Budget in an improved economy.

John Redwood, the former Cabinet minister and Mr Major's July leadership challenger, drove another large hole in the Tory party's uneasy truce by launching a broadside against the pro-European Chancellor, Kenneth Clarke, for appearing to endorse plans for a single currency. Yet more cracks appeared as a seven-strong delegation of backbenchers prepared to meet Sir George Young, Secretary of State for Transport, to voice growing concerns over rail privatisation. Sir Keith Speed, the MP for Ashford, warned that the sell-off could lose the Tories the election unless the private sector were required to pledge investment in desperately needed rolling stock.

Leading article, page 14

Old enemies to meet at Wembley

The draw for the 16-nation European Championship finals yesterday revived football's oldest rivalry when England were drawn to play Scotland at Wembley.

The resumption of a 107-game tradition which began in 1872 drew gasps at the ceremony in Birmingham and 15 June is writ large in fans' diaries north and south of the border.

"We always knew it was going to be exciting, but when Scotland came out, it went off like a rocket. You could feel the buzz in the room," Terry Venables, the England coach, said.

England-Scotland games were abandoned after the 1989 Glasgow match because of crowd trouble. Incidents included a riot by Scottish fans who invaded the Wembley pitch, dug up turf and broke wooden crossbars. There were

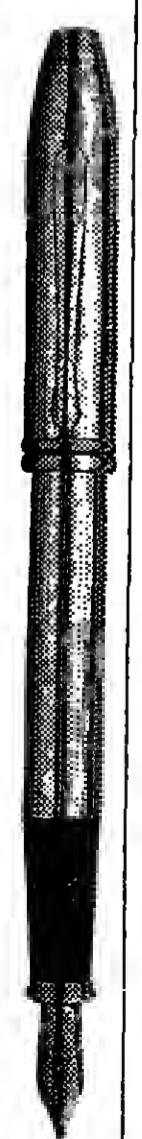
also other problems involving fans en route with many arrests in central London after Wembley visits which ended in 1988.

However, Glen Kirton, the tournament director charged with overseeing the biggest football event in England since the 1966 World Cup, welcomed the Scots "with open arms". The Scotland manager, Craig Brown, did his best to allay fears. "I can virtually guarantee there will be no trouble from Scottish fans," he said.

The match sandwiched between the opening match against Switzerland on 8 June and tournament favourites, the Netherlands, on 18 June.

The draw's other main highlight was Germany being placed in the same group as Italy, European champions, Denmark take on Croatia, Turkey and Portugal.

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IN BRIEF

BSE 'breakthrough'

Humans cannot develop mad cow disease by eating infected beef, according to ground-breaking research by a British scientist.

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Railway cash cut

Subsidy to the railways is being cut by a third in 15 months' time, according to analysis of transport spending plans.

Page 6

Bosnia mission frozen

Snow and fog closed Tuzla's airfield for the fourth day yesterday, preventing the first American combat troops from landing.

Page 9

Vicar so sorry for casting doubt on Santa

STEVE BOGGAN

A vicar who reduced children in his congregation to tears by telling them Father Christmas did not exist apologised yesterday, describing his unseasonal revelation as "ill-judged".

Canon Brian Andrews became the Scrooge of Abbots Langley in Hertfordshire last week when he told children at his family service that neither Santa Claus nor the Tooth Fairy was real.

Yesterday he admitted to being a heretic – but only while the

children were safely tucked away at Sunday school.

After delivering his bombshell at St Lawrence's Church, during which he told children aged two to nine that it was their parents who left Christmas presents under their pillows and a number of children were reported to have burst into tears.

Some parents complained, but Canon Andrews explained that he was trying to impress upon the children the Church's view that the story of Jesus was not a fairytale. The children,

who were dressed for a nativity play, were not impressed.

After arranging for the youngsters to be entertained at Sunday school, he said: "At the family service on Sunday 10 December, I told the congregation, which included children and adults, that the money under our pillows and the presents in our stockings were put there by our parents and not by the Tooth Fairy and Father Christmas. I believe this to be an ill-judged remark and I apologise unreservedly for any pain or hurt that I have caused."

And there was support for him from the Rt Rev Dr David Jenkins, the controversial former Bishop of Durham who, writing in today's *Independent*, agreed that the teaching of

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Christianity would benefit from the separation of fairytale from reality.

"Perhaps," he says, "the troubled vicar should not have apologised but tackled the parents about their dull materialism."

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news

Watchdog could face legal action over £100m deal

STEVE BOGGAN

Peter Davis, the beleaguered National Lottery regulator, could face legal action over a disastrous deal which cost a Lloyd's insurance syndicate almost £100m.

Mr Davis, who today faces calls for his resignation, was finance director of the company which set up the deal, resulting in losses to 5,500 people, including a number of Conservative MPs and the Attorney General, Sir Nicholas Lyell.

The director general of the lottery watchdog, Ofslot, will today meet Hayden Phillips, permanent secretary at the Department of National Heritage, to discuss his admissions that he accepted flights and hospitality from GTECH, the American company at the centre of bribery allegations made by Richard Branson. Last night, his position seemed increasingly untenable after Robert Sheldon, the chairman of the Commons Public Accounts Committee, said that Mr Davis's actions were unjustifiable and naive.

The potential legal action against Mr Davis may be brought by members of Lloyd's who were attached to Syndicate 210, managed by Sturge Holdings Plc, of which he was finance director and deputy chairman from 1988 to 1993.

Sources within Lloyd's say that the Sturge Names Action Group - whose members ran up losses of more than £1bn under Sturge Holdings' management - are taking legal advice on the possibility of suing Mr Davis and other board members over the deal. If the directors are found to have been negligent, the Lloyd's members may seek compensation from them.

The deal relates to the reinsurance of American risks insured by Syndicate 210 in the 1960s and 1970s. During that

period, Sturge had taken on a large number of asbestos and industrial pollution policies but, prudently, reimbursed against potential losses in 1974 with two US companies, Fireman's Fund of America, based in San Francisco, and Kemper Re of Long Grove, Illinois.

In 1991, faced with costly open-ended claims, the US companies offered the Sturge syndicate \$80m (£52m) in return for the termination of the reinsurance protection policy. The board of the managing agency (then Sturge Holdings Plc, now Ockham Holdings Plc) accepted the offer but claims for illness and property damage relating to the insured years which continued to come in, eating up the \$80m and leading to further calls on members' assets.

"That decision has resulted in a loss to members of the syndicate of £96m," said John Rew, chairman of the Sturge Names Action Group. "It was a disastrous deal which has cost members more than they can possibly afford."

The figure of £96m so far was given to Syndicate 210 members

The availability of knives shocked Frances Lawrence and her children.

Her husband was stabbed while trying to protect a pupil at St George's School, in Maida Vale, north-west London, from a gang of youths. She said that she and her four children were "bewildered" that such weapons were so freely available.

"Of course I am against knives and of course they should not be readily available, as other weapons should not be readily available," she said.

Last week MPs gave an unopposed first reading to a new Bill which is intended to further strengthen the laws on carrying knives in public. The new Bill would allow the police to arrest

without a warrant any people found to be carrying knives in public without a good reason.

The Bill would also increase the maximum penalty for carrying a knife in public to six months' imprisonment.

The Association of Chief Police Officers has lent its support to the proposals to tighten the law on carrying knives.

Strathclyde police searched 5,600 people in an announced 12-hour anti-knife blitz this weekend. They recovered 43 weapons in the operation, which ended at yesterday morning, and the same number of people face possible prosecution. However, the purge was not connected with the Lawrence case, the police said.



Giving light: David Shimon, watched by his father, prepares to light a menorah in the back garden of their home in Stamford Hill, north London, to mark the start last night of Chanukah - the Jewish Festival of Lights

Photograph: Elaine Kennedy

Killing of headmaster triggers knife amnesty

A nationwide amnesty to allow people to hand in knives has been launched in the wake of the death of the headmaster Philip Lawrence.

All 43 police forces in England and Wales are to take part in the amnesty, which is to run from 9am this Wednesday until 20 January.

The amnesty has been arranged by chief constables and has won backing from the Home Secretary, Michael Howard.

The Daily Mirror has agreed to supply special bins for all police stations to collect the knives.

Anyone who dumps a weapon in the bins will not have to answer any questions from police.

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talks, told a meeting in Londonderry yesterday that the Mitchell Commission must also investigate alleged collusion between loyalists and the security forces, and the supply of guns manufactured in South Africa to Protestant paramilitaries by British intelligence.

He said: "British weapons are a central element in the conflict in Ireland. No examination of the arms issue by the international body can possibly be complete without it addressing those issues."

Mr McGuinness claimed security forces had killed almost 400 people, and loyalists up to

1,000, during the 25 years of violence in Northern Ireland.

Reports of independent police investigations into alleged shoot-to-kill incidents in the autumn of 1982 by John Stalker, the former Assistant Chief Constable of Greater Manchester, and the ex-Cambridgeshire police chief John Stevens, who probed loyalist collusion with the RUC and army, should be handed over to the commission, according to Mr McGuinness.

He said this would give the commission "a full and proper picture of the issue of weapons and their use in this conflict".

The Government will resist

any attempt to widen the commission's remit to go beyond the issue of paramilitary guns. The Prime Minister, John Major, and Sir Patrick Mayhew, Secretary of State for Northern Ireland, are also standing by their demand that the IRA must begin a process of decommissioning before Sinn Fein is allowed any place at the all-party negotiating table.

Apart from the Rev Ian Paisley's Democratic Unionist Party, which is boycotting the talks, the panel has met all the main parties as well as Sir Patrick and Sir Hugh Annesley, the RUC Chief Constable.

Adie's bad break

Kate Adie, 49, the veteran BBC war correspondent, was flown back to Britain from Bosnia after breaking her ankle when she slipped on ice in Sarajevo.

Lottery jackpot

One ticketholder won this week's £28.2m National Lottery jackpot. The winning numbers were 7,8,23,28,35,49. The bonus number was 10.

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Fran Abrams
Education Correspondent

Gillian Shephard, the Secretary of State for Education, has dismissed reports of a split with the Prime Minister over plans to increase the number of opt-out schools.

Churches have united against plans to allow fast-track opt-out which could do away with parental ballots in their schools and the consultation period on the plans has been extended.

But yesterday Mrs Shephard denied that there was any disagreement with Mr Major over the reforms, which he announced in a speech to grant-maintained school heads in September.

It had been rumoured for some time that she was less keen on the plans than Mr Major and reports at the weekend suggested that she wanted them dropped.

The Government is looking for ways to revive its flagging policy of encouraging schools to become self-governing.

In the 1984-85 school year there were just 15 opt-out ballots among 4,000 voluntary-aided church schools and in nine of those parents voted against the proposal.

Mrs Shephard said her officials were still sifting through almost 2,000 responses to a range of options set out in a consultation paper. An announcement on the subject would be

made in the New Year, she added.

"We have made it clear from start to finish, and so has the Prime Minister, that this is a consultation exercise with nothing ruled in and nothing ruled out. Whatever the results are, we shall of course be continuing our work, also announced in September, on seeing how best to spread the advantages of opting out," she said.

But last night the Opposition claimed the plans were among a number of education policies on which the Government was in disarray. Others include plans to hand over many student loans to the banks, which were postponed last week.

David Blunkett, Labour's

Education spokesman, said the fact that 1,600 church schools had written in during the consultation must indicate that many were unhappy about it.

"The Government has already had to retreat on student loans because its plans were ill-considered and ill-thought-out. Now it seems the same can be said for the proposals on fast-track opt-out for church schools. The churches aren't interested in these proposals and regard them as disruptive to their relationships with parents and their local communities," he said.

Among church leaders who oppose the plans is Canon Greenwood, director of the Southwark Diocesan Board of

church schools.

Education and a member of the agency which funds grant-maintained schools. He has said removing the parental ballot would be "highly undesirable".

Six options were set out in the consultation paper, two of which would remove the parental ballot for church schools planning to opt out and would let governors decide. One would make all church schools opt out unless they specifically chose not to. The other, less radical, options would include shortening the existing process, extending local management so that schools controlled more of their budgets and removing local councils from governing bodies of church schools.

John Major: Promised fast-track opt-outs

Gillian Shephard: 'Nothing ruled in or out'

FRAN ABRAMS
Education Correspondent

Gillian Shephard, the Secretary of State for Education, has dismissed reports of a split with the Prime Minister over plans to increase the number of opt-out schools.

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disagreement with Mr Major over the reforms, which he announced in a speech to grant-maintained school heads in September.

Humans 'safe from mad cow disease'

CHARLES ARTHUR
Science Correspondent

Humans cannot develop mad cow disease by eating infected beef, according to ground-breaking research by a British scientist due to be published this week.

The experiments, carried out at a London research centre, show that the agent which causes bovine spongiform encephalopathy (BSE) does not react with a human protein

that is key to developing the disease. Without this reaction, the disease cannot progress.

The result will come as a huge relief to the beef industry, and to Government ministers and scientists who have insisted that beef is safe to eat amid mounting public concern. In the past fortnight sales of beef from wholesalers have slumped by 25 per cent, and more than 1,000 schools have removed beef or beef products from their menus.

However, some critics of the Government's stance say they will not change their mind. "There's no way that you can deduce experimentally that it's safe," insists Richard Lacey, professor of microbiology at Leeds University.

The new work has been carried out by Professor John Collinge at St Mary's Hospital Medical School, and will be published formally in the science magazine *Nature* this Thursday.

The Ministry of Agriculture, Fisheries and Food already

knows about the results of the work, as it provided some of the funding for it. Ministers and some members of the independent advisory committee on BSE knew the results last week. Professor John Paterson, head of the committee, hinted at "unpublished scientific work" during a press conference last week.

Professor Collinge has consistently refused to discuss his work ahead of publication because *Nature* imposes an embargo on the authors of papers.

His experiment used genetically engineered mice which had been given the human version of a gene called "PrP", which is found in most animals. PrP is essential to the development of spongiform diseases. The infective agent in the diseases, known as a "prion", causes proteins made by the PrP gene to change shape, causing nerve cells to break apart. This leads to the "spongy" form of diseased brains.

When normal mice with the PrP gene are injected with BSE prions, they develop the disease. Separate work by a Swiss scientist, revealed last week at a London conference, has shown that mice without any PrP gene do not develop disease when injected with BSE.

But when Professor Collinge's genetically engineered mice - in which the mouse PrP gene is replaced with a human one - were injected with BSE-infected material,

they did not get the disease.

This implies that BSE prions cannot affect the human PrP protein. The genetic differences between humans and cows appears to form such a high "species barrier" that BSE cannot cross it to cause the brain damage typical of BSE and its human equivalent, Creutzfeldt-Jakob Disease (CJD).

The risks posed by eating beef would therefore be tiny, because injecting infected mate-

rial into the brain - as was done in these experiments - is thousands of times more effective at causing the disease than feeding it to the animals.

Scientists contacted by the *Independent* were enthusiastic about the implications of a negative result for public health.

Colin Blakemore, the eminent Oxford neurophysiologist who two weeks ago declared that he would not eat beef, called it "terrifically reassuring".

Covent Garden on film: Fly-on-the-wall series reveals a picture of discord behind the scenes at the Royal Opera House



Finer points: Sir Anthony Dowell coaches ballerina Muriel Veltat for his *Sleeping Beauty*. Photograph: Jonathon Player

Father suffers fractured skull after tackling thugs

A father was critically ill in hospital last night after challenging a gang of youths who threw beer cans through a window at his home.

Paul Brighton, a 44-year-old civil engineer, had his skull fractured after chasing the youths who pelted him with bricks and cans as he was knocked to the ground near his four-bedroom, detached house.

He underwent emergency surgery at Addenbrooke's Hospital, Cambridge, yesterday to remove particles of skull embedded in his brain.

A spokeswoman for the hospital said: "Mr Brighton has had an operation and his condition is critical."

Mr Brighton and his wife, Susan, 41, were watching television at home with their children Gareth, 11, and Christopher, 13, last night when they heard glass smashing.



Paul Brighton: Youngsters smashed bathroom window

could have been hurt. He flew through the door and I telephoned the police. I went out looking for them and saw Paul being taken into an ambulance."

She said the family had lived in the village of Orton Waterville, Peterborough, Cambridgeshire, for 15 years and loved it. It should be the last place where anything like this could happen.

We moved to this house three years ago through Paul's hard work. It seems that just when you have got things as you want them, someone is there to try to take it away from you."

Cambridgeshire police said five youths were being questioned about the attack and a robbery earlier at a nearby store.

The private housing estate where the Brightons live is often used as a short-cut by local teenagers, neighbours said. Streetlights have been broken and fences damaged by the

youths. One woman, who has lived on the estate for five years, said: "It would be a quiet, pleasant place to live if it wasn't for these paths they use as short-cuts. There are always problems at night, teenagers lurking about, kicking bottles and causing as much trouble as possible. I'd like to see them close the paths off and leave us in peace."

However, Sergeant Kevin Feek of Cambridgeshire police, said the area was not known for violence. "Orton Waterville is certainly not a troublespot. It is a quiet area, in fact so quiet it has many police officers living there."

The attack will fuel the debate about teenage violence sparked by the death of headmaster Philip Lawrence, who was stabbed by a gang of youths outside his school in west London last week.

Bank chief attacks pay policy

BARRIE CLEMENT
Labour Editor

In an unusual break with Whitehall protocol, the new deputy governor of the Bank of England has attacked the Government's public sector pay policy.

Howard Davies, former director general of the CBI who was appointed to the bank in August, told union representatives that the strategy had "worn out" and needed to be more flexible. For the last two years, and for the foreseeable

future, ministers are insisting the pay bills of government-funded organisations remain static.

But Mr Davies told representatives of the Banking Insurance and Finance Union at the Bank, which employs about 3,500 staff, that the policy had caused problems.

"Like any pay policy it wears out and starts to create perverse incentives and local problems, and we have had some of those in the bank," he said.

"I hope that before long they will make it more flexible, be-

cause it is starting to act as a constraint on us."

The remarks appear in the latest issue of *RFU Report* and betray concerns among senior government officials about the rigid policy. Mr Davies's comments refer to the Bank's recruitment difficulties in certain grades because salaries are not competitive with rates elsewhere in the finance sector.

Although individual pay rates varied, most of the staff at the bank's headquarters last year received an increase of 1.25 per cent plus a bonus of £175. Most clerical staff with 10 years' service would earn a total of £17,000 to £20,000.

Government policy also restricts management's ability to extend the principle of performance-related pay, according to union sources.

A spokesman for the Bank of England said Mr Davies's comments came in a question-and-answer session at the conference: "The Bank always adheres to public sector pay policy and will continue to do so".

Opera house finds creative drama in a backstage crisis

REBECCA FOWLER

The Royal Opera House has joined the growing list of British institutions that have attempted to win the heart of the nation by opening their doors to fly-on-the-wall camera crews.

But instead of images of passionate music-making and enthused music-lovers, the documentary shows a saga of gloomy staff, cursing directors and disgruntled opera-goers caught up in various disputes.

A BBC camera crew followed the life of the Opera House for a year, through the 1993-94 season, to create the six-part series to be shown next month. Opera house officials had anticipated a celebration of its creative achievements, rather than an insight into tensions behind the lavish scenery. But Jeremy Isaacs, general director of the Opera House, said he was foolish to have expected such a film and claimed it was not a true reflection of the company. "It was naive of me to think we would get a measured picture of our work. I don't think it is that at all," he said.

Even Isaacs's former career as a television executive did not protect him from the probing eye of the camera. He is seen in full flight angrily uttering a four-letter word, after the Arts Council resisted giving extra funding to pay for an alternative venue while the opera house is rebuilt under a £200m redevelopment plan.



On the defensive: A defiant Jeremy Isaacs

The series gives a close-up account of the trials of the Opera House, including a spending crisis on Anthony Dowell's production of *Sleeping Beauty*, called "absolutely catastrophic" by opera house chairman Sir Angus Stirling in a boardroom row with Isaacs.

Staff struggle with outdated machinery; attempts to show opera is not elitist are undermined by a shot of the Princess of Wales in the grand tier, while a working-class woman search-

benefit the Opera House. "It's a good thing when fly-on-the-wall crews lift the lid off how arts institutions work, warts and all," Graeme Kay, editor of *Opera Now* magazine said. "People will be quite surprised to find out how much dedication there is and it is providing productions that are the best in the world in terms of how much money they have to play with."

But a leading arts administrator said: "These institutions always think they are going to get something out of it that will enhance their image and then they're upset when they don't just get the straight PR puffery. If you open your doors, you've got to accept criticism."

In the last three decades British institutions that have been waded by the cameras include the police, the foreign office, the monarchy, a local golf club in Northwood, where all eight directors were forced to resign after it was shown as a bastion of male chauvinism, and the England football team, whose then manager, Graham Taylor, showed a colourful turn of phrase and temper.

At the Opera House an outburst of temper is displayed by Sir James Spooner, chairman of the opera board, who accuses Isaacs of giving designers and directors too much freedom. "It really does annoy me, these grand people. They really are bastards the way they play us about like this... you don't kick 'em hard enough," he says.

Traffic warden clamped



Until then, there's Glenfiddich to enjoy.

news

Joint enterprise: Villagers transform derelict pub into a thriving music base

Community spirit: Regulars enjoying a pint at the Pontardawe Inn, which is run by a co-operative of local volunteers. Photographs: Rob Stratton

Room at the inn for community spirit

MICHAEL PRESTAGE

It might seem like any other pub in industrial South Wales, but Dai Prosser and the rest of his darts team can only gather in the tap room of the Pontardawe Inn because of a great community effort that has transformed the place from a derelict shell to a thriving business.

The initiative to restore and reopen the pub, which closed 18 months ago as rents soared, has brought about a collaboration between locals and the organisers of the annual Pontardawe Folk Festival, who wanted a base and a round-the-year venue for bands.

Now darts and cribbage go hand-in-hand with such esoteric music as a group playing traditional songs from their north-east Indian homeland.

Mr Prosser, a 55-year-old lorry driver, was a regular at the



New lease: Renovating the pub has united the community

pub for 30 years and is now one of a team of volunteers who help to keep the pub going. Apart from a full-time manager, all aspects of running the pub are tackled by unpaid helpers responsible for everything from bar work to the accounts. Mr Prosser said: "Everybody

was disappointed to see it closed, but there is now a big improvement. There is no 'them and us' atmosphere in the place. We called them the folkies in the beginning, but now everybody gets on. We all like listening to the music and we persuaded them to have the darts teams

back." The pub itself dates back to 1750 and stands at the crossing of an old drovers road which linked Neath with Amanford. It has hosted generations of miners, metal workers and farmers. Now the pub is owned by the local community the tradition is set to continue.

Helen Matthews, a community education worker and marketing director for the festival, said the idea of acquiring the pub was originally put forward tongue in cheek at a meeting. The majority of the festival organisers live in the village and had drunk at the pub before it closed.

With the backing of the Crown Buckley brewery, the pub was purchased from the brewers Guinness and volunteers refitted it within six weeks, ready for its opening last summer. It is committed to providing a venue for live music from

around the world as well as being a traditional local. Ms Matthews said: "People in the village have responded magnificently to the challenge we set ourselves in turning what was a ruined pub into a place of warmth and music and a real centre for the community."

Intended to house 210 staff,

the new block was scheduled to cost £154m. But with its bronze cladding alone expected to cost more than £30m, £10m more than the Parliamentary Works Directorate had budgeted for, and other items also predicted to run over schedule, industry experts are predicting a final bill of £215m.

Intended to house 210 staff, the building, even at its original price would cost £367,000 per place, Peter Thurnham, Conservative MP for Bolton North East, said he was appalled by the lack of

controls applied by the works directorate. The cost of housing each MP there could be "10 times" what it would cost in the West End of London, he said. "I will ask the NAO to look at the way the costs have escalated."

As someone who used to run a family engineering business, Mr Thurnham said he knew how costs mount when they are not tightly controlled.

His request will carry extra weight because he sits on the Public Accounts Committee, the body to which the NAO reports. He acknowledged his move would not be popular with colleagues, but added: "It is public money at the end of the day; we're here to protect taxpayers' interests."

The MP is prepared to see the Speaker dragged into an NAO study. "Ultimately, it comes down to the Speaker," he said. Work on the new building is due to start in 1997. Standing on the corner of Bridge Street across the road from Big Ben, it will contain MPs' offices, a bar, restaurant, library, shop, conference and meeting-rooms. Inside it will be finished to the same high standard as other new offices for MPs at 7 Millbank and 1 Parliament Street.

Elsewhere in Parliament, other rebuilding and decoration work has been stepped up. The works directorate, which answers to two groups of MPs, the Accommodation and Works Committee and the Finance and Works Committee, has between £30m and £40m a year to spend on heating, lighting and refurbishing the facilities. Lifts have been revamped, and the area around the old Strangers' Bar redesigned. A new, bigger, bar has been built in what was the Lady Members' Room.

The Palace of Westminster has also recently acquired a £1m sweeping new entrance for cars at its western end, beyond the House of Lords. Mr Thurnham said: "There needs to be proper control, there is no financial discipline there that I can see."

A Works Directorate spokesman said that the new building did not have "a lavish specification. It is designed to a high specification for a very prominent site and it has to last for 120 years."

He added that the cladding was bronze to match the surroundings, and there were unique security features that had forced up the cost. Mr Thurnham, he said, "is entitled to his opinion". But the spokesman pointed out that the plans for the new building had been approved after a full debate on the floor of the House.

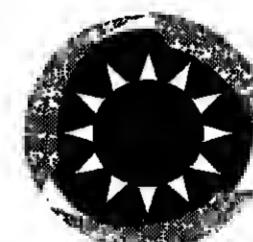
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Solo Antarctic walker gives up

The explorer Roger Mear has been forced to abandon his solo walk across Antarctica after vital equipment failed, his team said yesterday.

Mr Mear, 45, set off last month aiming to become the first person to walk alone and unsupported across 1,700 miles of the icy continent. He was racing against a rival contender,

Borge Ousland, 33, from Norway. Mr Mear was raising funds for the Wilderness Trust, an Eastbourne-based charity dedicated to the world's remaining wild landscapes. He is an experienced explorer who has travelled to Antarctica five times before.

For his latest expedition he was pulling 450lb of food and

equipment with the help of a parawing, a kite which enabled him to travel up to 70 miles a day. But he was able to carry only a simple transmitter enabling him to convey his condition and position.

Diana Nielson, an expedition team member, said yesterday: "We had a message from Roger at midday [on Saturday] saying

"I have an emergency, please get me out." All we had was his position. Luckily the weather wasn't too bad so a Twin Otter aircraft with guides and a doctor could land nearby and rescue him." The explorer was expected to arrive in Chile last night. Nothing is yet known about the position of Mear's Norwegian rival.

Second year of drought forecast

NICHOLAS SCHOON
Environment Correspondent

A second year of widespread drought is likely in 1996 unless there is above-average rainfall and urgent water saving measures, the National Rivers Authority warned yesterday.

Following an exceptionally dry and hot summer across Britain the autumn and winter rains for most of England and Wales so far have been about one-third below the long-term average. Many reservoirs are at unprecedentedly low levels for the time of year.

In some areas of southern and eastern England which rely on borehole supplies the water table in the underground aquifers is falling - by this time of year it should be rising.

In a drought report to John Gummer, Secretary of State for the Environment, the authority identifies the Yorkshire, North West and South West Water companies as those whose supplies are most vulnerable.

The report says: "It is essential to avoid any complacency or

undue risk-taking on the part of the [water] companies."

Late last summer almost half Britain's population was covered by hosepipe bans, many of which are still in place. It was the worst drought since the prolonged and severe shortages of 1976.

Several water companies are now applying for drought orders which would allow them to take extra water from rivers for their underfilled reservoirs during the winter, when river flows are highest.

Yorkshire Water, the worst affected, has several hundred road tankers ferrying in supplies to the worst-affected areas and has begun large-scale emergency engineering works to improve its water grid and reduce its mains leakage rate, one of the highest in Britain. The authority's report avoids explicit criticism of any companies.

The Water Services Association, which represents the big 10 water companies, called on the authority to be flexible in allowing it to take more water from rivers and boreholes.

DAILY POEM

Four Haiku

Sucking a persimmon
a seed suddenly popped
into my mouth.

Awano Sieho

The bee leaves the heart
Of the peony flower
- so reluctantly!

Matsuo Basho

A smile that faded
away just like an ice floe
slowing to a stop.

Kato Shunso

His eyelids lowered
Buddha with the broken nose
deepening winter.

Tanakai Makoto

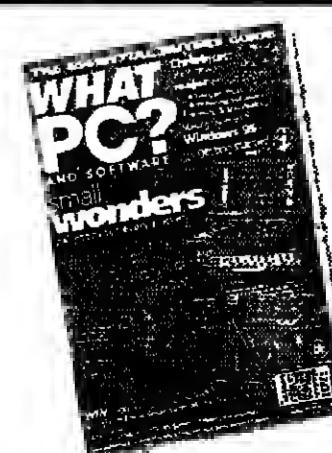
Haiku, 17-syllable meditations or bursts of inspiration, arranged in the order five-seven-five, are the most popular form of verse in Japan, written and read by all sectors of the population and recited in response to everyday situations. They are not just for poets like Matsuo Basho and Awano Sieho: industrialists, economists and politicians write haiku: so too do prisoners on death row, as a form of confessional therapy to prepare themselves for execution. It is an exercise favoured by the old particularly, since it has been proved scientifically that the writing of haiku keeps the brain active and young. Haiku poets often live to a grand old age.

These haiku, translated by James Kirkup, appear in *An Anthology of Classic, Modern and Contemporary Japanese Haiku in Translation*, published by the University of Salzburg Press. James Kirkup is President of the British Haiku Society.

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news

Privatised railways to lose £500m in subsidy

CHRISTIAN WOLMAR
Transport Correspondent

Subsidy to the railways is being cut by a third in 15 months' time, according to an analysis of the Government's transport spending plans by an adviser to the Commons Transport Committee.

The figures, which have been accepted by the Department of Transport as accurate, imply either massive reductions in service or unrealistic cost savings.

They are revealed at the same time as the Government announced it is to spend £1.0bn on Railtrack to improve the network.

In 1997/98 the railways will receive about £1.36bn subsidy, compared with £1.86bn during 1996/97 and the present year, a reduction of £200m.

Earlier this year, the Transport Committee said that the extra subsidy required after privatisation was between £500m and £700m each year. This extra cash was needed to enable train operators to pay the newly imposed track access charges to Railtrack and the cost of leasing trains which previously had been owned by BR.

In the Government's response to the Committee's report published last week, there was no reference to the fact that the extra subsidy is no longer required by 1997/98. This is when the financial support for the rail industry broadly returns to the privatisation level, with some extra money to the passenger transport authorities to pay for track charges to Railtrack. By 1997/98, virtually the whole industry is expected to be in private hands.

The Government's response merely said: "The private sector will be considering carefully what steps could be taken to attract more revenue" and

"considerable efficiency improvements" are expected. However, both these amounts will flow to the franchise companies operating the railways, and not to the Government.

Richard Hope, a transport consultant who advises the committee and carried out the analysis, said the figures had very serious implications. "It seems highly improbable that franchisees could expect to achieve such large improvements in their finances, averaged over seven years, given capped fares, the rigidities of the timetabling process and the industrial muscle which Aslef, if not RMT, still command."

The franchisees' best potential way of cutting costs is through staff reductions but Mr Hope warns: "At least 90 per cent of Railtrack and Rosco [rolling stock company] payments would have to be made during a strike." He also feels that a sharp increase in revenue, dependent on higher than expected economic growth, is unlikely. He says: "Huge cuts would be necessary to achieve a £500m reduction in a single year, bearing in mind redundancy payments and loss of revenue from discontinued services."

Mr Hope concludes that the explanation for the "irrational behaviour" of the Treasury in imposing this cut is a "combination of Treasury signalling its determination to get tough on rail subsidies after the election without understanding the financial rigidity of the monster it has created".

A spokesman for the Department of Transport said last night: "Ministers have agreed to this budget for 1997/98 but they have also guaranteed that the present level of services will be maintained. Privatisation will lead to considerable savings."

Theatre of war inspires pantomime pupils



Lesson in kindness: Pupils at Redlynch School, in Lower, Wiltshire, who raised £169 for children in former Yugoslavia. Photograph: John Lawrence

Charity to bring long-lost children home

Thousands of families wait to be reunited, writes Jojo Moyes

At first many parents thought the Bosnian conflict would be over within days. They took their children, some with only the clothes they stood up in, and put them on trains to remove them from danger.

Today, up to 10,000 children in the former Yugoslavia are still separated from their families. Some have not seen or heard from their parents since the war began.

Kevin Byrne, 42, is the Save the Children Fund (SCF) field director for the federal republic

of Yugoslavia, and one of two men faced with the daunting task of trying to reunite children with their parents, or find homes for those who no longer have a family.

"Some of them haven't seen

their parents for years," he said. "There are a lot of kids who have grown up while they've been separated."

Mr Byrne oversees SCF's

reunification programme,

which has identified 2,650 un-

accompanied children in the former Yugoslavia alone. More than 460 of these have no families to return to. In Bosnia, where the process of identifying the unaccompanied children has just begun, nearly 4,000 have already been registered.

The children are usually aged between 7 and 18. SCF registers them and tries to organise interim care, whether it be counselling for those who are traumatised – many children saw

mixed areas, it would "take time" for them to feel it is safe

for their children to return.

Mr Byrne said that the need

is not just for emergency aid.

"Children are always very re-

silient, but I don't think there

are any children who haven't

been affected. What we're try-

ing to do is minimise the long-

term negative effects."

The Save the Children Fund

aims to reunite all the children,

but Mr Byrne says the charity's

work will continue for at least

the next three years.

CHILDREN OF WAR APPEAL

The plight of children suffering in the war-torn former Yugoslavia has moved the children of a Wiltshire primary school to donate the proceeds of their Christmas pantomime.

The 80 pupils at Redlynch Church of England Primary School, in Lower, Salisbury, read the *Independent's* appeal for donations and sent £169.80, collected from two performances of *Puss in Boots*.

The money, part of £100,000 collected by the *Independent's* Children of War Appeal, will go to Save the Children, WarChild, Red Cross and Child Advocacy International.

The charities are striving to save children who have endured years of appalling living conditions during the conflict.

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British Red Cross

Former Yugoslavia Appeal

War Child

Save the Children

Please tick as appropriate

Signature.....

Date.....

Please post your donation to:

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c/o the Independent, PO Box 4011, London E14 5BB

THANK YOU



Trivial Pursuit

it takes all sorts

me pupil

CHILDREN
OF WAR
APPEAL**Wildlife at risk:** Today we begin a weekly series featuring some of the animal and plant species covered by an ambitious rescue plan

In decline: Nature conservationists have a scheme to help the water vole get back to its 1970 levels by 2010. Photograph: Ken King / Planet Earth

Labour fury over 'basic checks' on nurseries

FRAN ABRAMS
Education Correspondent

Private nurseries will be able to offer education paid for by government nursery vouchers with only the most basic checks on the quality of the service they provide, according to documents obtained by the *Independent*. Last night, Labour said the revelation was "a scandal and an outrage".

It has also emerged that some parents in two pilot areas for the £1,100 vouchers will be unable to use them because there will not be enough places to go round. In Westminster and Norfolk, several hundred will be disappointed.

Although there will be a "light touch" inspection of all nurseries accepting vouchers within the first year, the Department for Education and Employment has confirmed that this might not include a visit.

Experts have long been concerned about the quality of private nursery provision and last year the schools inspection body, Ofsted, said that although standards of literacy and numeracy were adequate they were unsatisfactory in most other areas. Information sent out by the department to potential providers says that any registered day nursery or school, state or independent, will be able to accept nursery vouchers. In return it must agree to publish information on staffing and premises, to work towards a set of educational goals and to be inspected.

Margaret Hodge, head of Labour's nursery inquiry, said

nurseries could get on to the scheme simply by filling in a form and that they might not be visited at all. "What really counts if a child is to succeed in later life is the quality of the nursery education experience. It is a scandal and an outrage that the Government are allowing this," she said.

Nursery experts have said that the vouchers may encourage sub-standard private schools to set up classes for the under-fives so that they can redeem the £1,100 vouchers which will be sent to parents of all four-year-olds.

Susan Hay, who runs a chain of nurseries in London, said many new nurseries would not have their education inspected for some time. "There will be a lot of people seeing it as an opportunity to get into this business and they will be allowed to operate for a considerable period during which parents' and children's expectations may not be met."

Day nurseries or schools which do not have more than five children over five are registered under the Children Act and are inspected to ensure that they meet health and safety standards, but education standards are not checked.

Other schools are registered with the education department and receive a one-day visit from an inspector, which includes a look at basic safety provision and a glance at the curriculum. A follow-up visit checks on whether changes have been made before full registration is granted, but the procedure is "basic", according to Ofsted.

Margaret Hodge, head of Labour's nursery inquiry, said

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لأجل الأطفال

Conservationists join forces to save Ratty

NICHOLAS SCHOON
Environment Correspondent

The water vole – Ratty in *The Wind in the Willows* – is a common little mammal with a population of about 1.2 million in the United Kingdom.

Larger than the field vole, it is a fine swimmer even though it lacks basic adaptations such as webbed feet and waterproof fur. It eats leaves, stems and roots above and below the water and lives for up to three years.

Last week, the Government was set a tough challenge – to help fund rescue plans for 116 of Britain's most threatened or fast declining wildlife species, and for 14 rare types of habitat as well. The ambitious nature conservation scheme was drawn up by the Biodiversity Steering Group as a follow-up to the 1992 Rio de Janeiro Earth Summit.

The group is a consortium of

civil servants, representatives from government agencies such as the Forestry Commission and English Nature, academics and wildlife conservation groups. The Government has promised to respond to its plan next spring.

The water vole is on the biodiversity list because its numbers and range are in fairly rapid decline. A national survey in 1989-90 failed to find signs of the riverbank-dwelling vole at 67 per cent of sites where they were previously recorded.

The proposed goal for *Arvicola terrestris* is to halt the decline and then help the species spread back to its 1970 range by 2010.

Its habitat along canals and rivers is being damaged by erosion from boats and erosion repair work which heaps mounds of river-bed mud on the bankside, sealing its burrows.

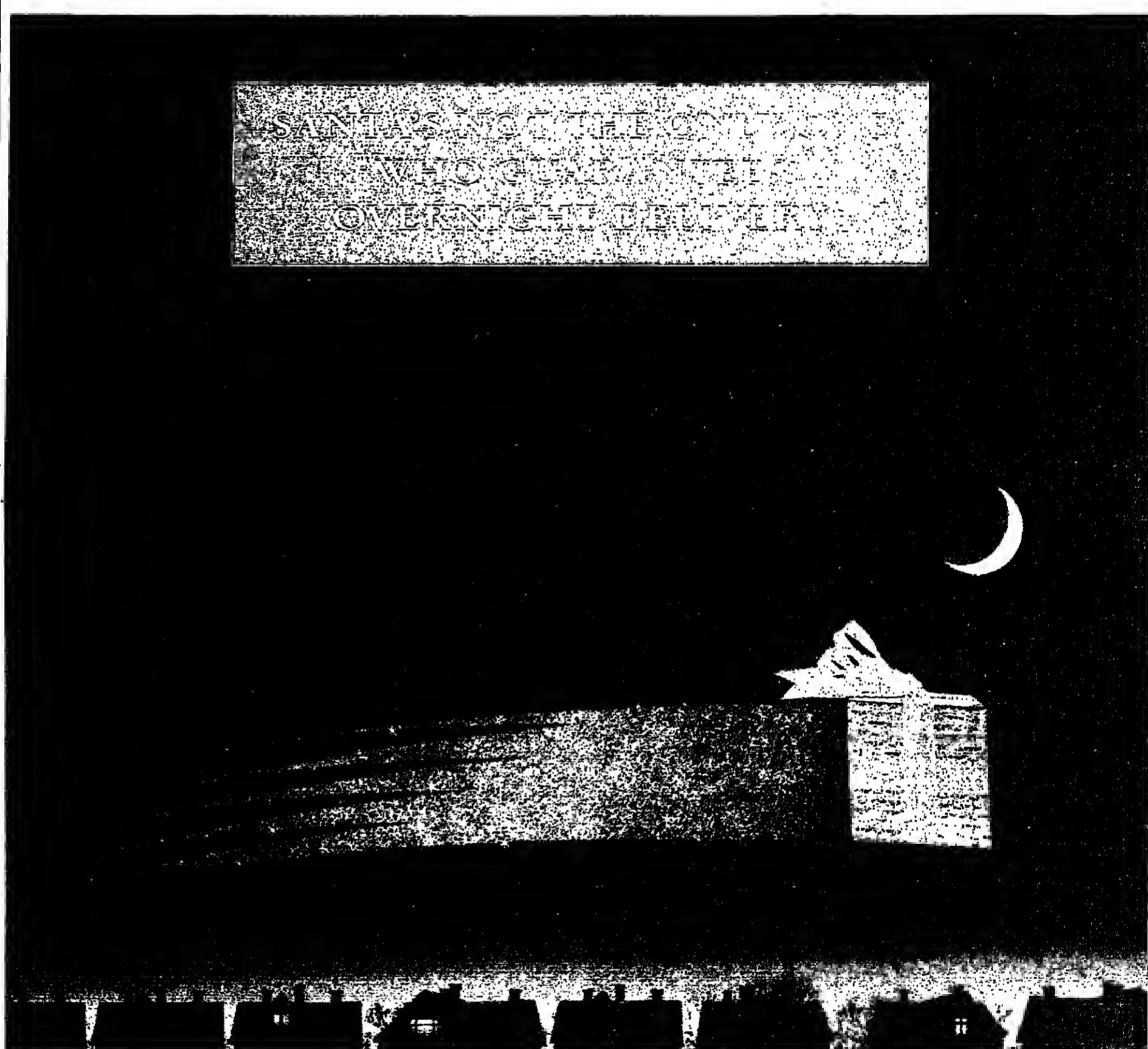
Waterside development and the heavy human disturbance

which comes from increased river recreation make life uncomfortable or impossible for the vole.

The mink, imported from North America and now breeding successfully in the wild, hunts it. Pollution of streams by pesticides used to control rats – rodenticides – is another cause of decline.

The prescription for recovery involves managing rivers, banks and the land nearby in a way which aids the water vole and curbing the use of pesticides.

Anyone who uses rodenticides illegally near where the voles are found should be prosecuted. Mink populations could be controlled by trapping in areas where voles live or to which they might return, although further research is needed to show whether this would be effective. The total cost of the programme is put at £150,000 a year.



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Russian elections: With 43 parties on the ballot, some voters find it difficult to get to grips with democracy

Red Town longs for cheap sausage

PHIL REEVES
Moscow

Father Konstantin looks as if he modelled an apostle for a cathedral mural. His grey beard, black robes and baldness give him a saintly, stoical look. But, as Russians trooped to the polls yesterday, there was anxiety in his face.

Fifty-seven years ago his church, a crumbling 19th century brick building, was shut down under Stalin. Its decorated walls were painted white, and it became a garage. Yesterday, as he stood in the hall of his church, the priest was pondering the possibility that his aisles

might again echo with the clatter of godless mechanics.

"The Communists are willing to say anything to get into power," he said. "It would be a disaster for the people. If they come to power, sooner or later, they would break up the Church." He had advised his several hundred Sunday regulars not to vote for any "extremists" — left or right. "People need peace," he explained.

Peace is a word with special resonance in Krasnoyorsk, "Red Town", a community of 50,000 on the edge of Moscow. You only have to brave the biting winter winds for a few minutes to find someone who'll tell

you not only about the horror of the German wartime advance, but exactly how close they came — seven miles. There is an anti-Fascist museum. The military hospital is treating wounded soldiers from the Chechen war. Yet, the father's wishes may not be fulfilled.

Boris Gurelik, 60, was towing his small grandson along on a sled after casting his vote in the Palace of Culture. "I voted for the 'new' Communists," he said cheerfully, referring to the Communist Party of the Russian Federation, led by Gennady Zyuganov — who yesterday assured the world that, if his party wins, there would be no

return to Soviet-era Communism. "Everyone's voting communist," continued Mr Gurelik. "Yeltsin cheated us all. If the Communists win, they'll form a coalition, take over the cabinet, and the economy will revive at once. At least, I hope it will."

Inside the palace, polling station No 933, dozens pored over election documents. Choice, like real democracy, is still new and rare in Russia; some were clearly puzzled by the list which — with 43 parties — occupied a poster-sized sheet of paper, festooned with helpfully printed party symbols. Clusters of voters formed, studying the field. Only a few bothered to re-

treat behind the curtains of two voting booths. Many voted from everyone else.

Although the elections were for the State Duma — or lower house — their impact on next year's presidential election is more important. In parliament, their effect will almost certainly depend on whatever alliances are formed by the largest parties. But the Duma's power is limited, compared with the presidency; the ruling group would need a consistent two-thirds majority to overturn the president's veto. What matters is which party leaders emerge to run for the Kremlin's top job. Half the Duma's 450 seats are

allocated to parties by proportional representation. The other half go to individual candidates, elected on a first-past-the-post system in each constituency. In the Palace of Culture, a list of the latter was being studied earnestly by elderly women, who had clearly never heard of most of them. "It should be someone with a Russian name, but there aren't any," muttered a middle-aged woman. "I like his face," she added, pointing at the photo of a stern-faced individual with a Jewish name, "but he's not Russian." She eventually settled on a local administrator. Predictions of strong Com-

munist gains seemed to be holding up. But, in Krasnoyorsk, not everyone wanted Red Town to become just that.

The town has its share of "new Russians", the minority who have profited from free-market reforms. Dozens spent yesterday afternoon stoking, lifting up and down a small slope in brightly-coloured jump suits.

"I want to beat the Communists," said Alexander, a 33-year-old businessman who runs an international translation service. "So many people want the Soviet Union back. They want cheap sausage. But I know what cheap sausage means — it means long queues."

IN BRIEF

Battle over Red Sea islands

Sanaa — Yemen and Eritrea fought a fierce battle with warships and aircraft over disputed islands in the key Red Sea shipping lane. Yemeni military sources said Eritrean forces were firing at Yemeni positions on the Red Sea island of Greater Hanish from warships but have not landed yet.

A Yemeni statement accused Eritrean troops of "treacherous aggression and piracy ... violating territorial waters and threatening security, stability and international shipping in the Red Sea area."

Newt: Man of Year

New York — Newt Gingrich, Speaker of the House of Representatives who led the Republican takeover of Congress, was named as *Time's* Man of the Year. "For better or worse, he has changed the language and substance of American politics perhaps like no other politician in recent history," the magazine said.

Papandreou poorly

Athens — The Prime Minister, Andreas Papandreou, on life-support systems for a month was in a critical condition and waging a "titanic battle" against a new secondary infection. Mr Papandreou, 76, was still undergoing regular dialysis for his failed kidneys.

On the run

Istanbul — One of Pakistan's most notorious alleged drug smugglers has fled the country and surrendered to US authorities, diplomats said. Ayub Afzal has denied the allegations, saying they are politically motivated because of his opposition to the Prime Minister, Benazir Bhutto.

Rushdie injured

Sydney — Salman Rushdie and two companions suffered minor injuries when their car crossed a highway and collided with an oncoming truck in the coastal town of Milton. TV stations reported Sydney police would say only that the three people injured in the accident on Saturday evening were from London.

US murders down

Washington — The number of murders reported in the United States dropped 12 per cent in the first half of 1995, the largest decrease in 35 years, the FBI said on Sunday. Officials said it was the most dramatic drop in the murder rate since 1960, the earliest year for which the agency has comparable figures.

Welcome reaction

Tokyo — North Korea has welcomed the signing of an agreement to supply it with two light-water nuclear reactors and promised to maintain the freeze on its existing nuclear programme. North Korea and the Korean Peninsula Energy Development Organisation signed the agreement in New York on Friday.

Elderly vote in droves for the Communists

Helen Womack in Moscow watched pensioners rushing to take revenge against reformers

Polling station number 67 was doing a brisk trade yesterday morning as the Russian parliamentary election got underway. But most of the people coming to vote in the red-brick primary school in central Moscow were in late middle-age, if not elderly. "Don't worry," said a youth. "The young people will be along when Linda finishes singing on television." He was referring to new pop star whom the younger generation hails as the Russian Madonna.

While their children and grandchildren were still at home, the old appeared to be voting in droves for the Communist Party. Despite the presence of four policemen and two *druzhinkhi* (public order volunteers) to protect voters against possible Chechen terrorist attacks, there was a festive atmosphere at the polling station as the pensioners gave their verdict on market reforms.

"I have voted for our man, Zyuganov," said a beaming Nina Nikolyevna, referring to the Communist leader, Gennady Zyuganov. "I got great pleasure from it. Of course, we will have to wait and see if [President Boris] Yeltsin will respect the outcome of the election."

Queues built up inside the polling station as many voters donned or changed spectacles to read the ballot paper, long as a menu in a fancy restaurant, with 43 different parties to choose from. But they mostly knew what they were looking for: box 25 — the Communist Party of the Russian Federation.

I stood at the exit for about an hour, and every other person I questioned had voted Communist. The other 50 per cent in my sample had spread

their favours among the remaining parties, although I met nobody who had voted for the nationalists Vladimir Zhirinovsky and Alexander Lebed. Off-repeated was the wish to see "decent" politicians elected.

Lyubov Pavlovna, a woman in her late fifties, said she had chosen the leftist "Power to the People Party" of Nikolai Ryzhikov, a former prime minister under Mikhail Gorbachev, because he was experienced and dignified. "I'm tired of seeing politicians fighting in parliament," she said. An elderly couple, Antonina Vasilevna and Sergei Mikhailovich, had chosen the party of the "little fish", a play on the name of the parliamentary speaker, Ivan Rybkin, because "he's decent and solid". The politician is conservative although not actually Communist.

Polling station 67 did produce at least one vote for a free marketer. "Those [Yegor] Gaidar because I have not forgotten the empty shop shelves of the old days," said Alexander, a journalist. But it seemed the reform vote would pick up only if the young people went to the polls.

Voting day began bright and sunny but in the afternoon there was a violent snow storm with thunder and lightning, a rare phenomenon in winter. An anti-Communist friend: "It's a sign from the gods," he said. "Time to switch off the television and go out to vote."



Military decision: Soldiers voting in Russia's far-eastern provinces

Photograph: Reuter

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Pension Business Account	£5,000+ 3.30 4.50	
	£25,000+ 3.66 5.00	
	£100,000+ 3.84 5.25	
	£250,000+ 4.02 5.50	
Clients Premium Deposit Account	£25,000+ 3.15 4.25	
	£100,000+ 3.52 4.75	
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Election re...
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Election result: Vranitzky poised to keep power in poll that many had feared would be breakthrough for anti-foreigner party

Austrian right wing left out in the cold

ADRIAN BRIDGE
Central Europe Correspondent

The Austrian Chancellor, Franz Vranitzky, was heading for victory last night in a general election that many feared would lead to a breakthrough for the far-right Freedom Party (FPO).

The first unofficial results gave Mr Vranitzky's Social Democrats (SPÖ) 38.3 per cent of the vote, comfortably ahead of their nearest rivals, the conservative People's Party (OVP), on 28.3 per cent, and the FPO, led by the populist Jörg Haider, on 22.08 per cent.

If confirmed, the results mark a turnaround in the fortunes of the SPÖ, which, although it has been in power for 25 years, had seen its support slump to 34.9 per cent in Austria's last election, in October 1994. They also would be seen

as a vindication of the SPÖ campaign, which promised "no experiments", and in particular warned of the danger of allowing Mr Haider into government.

"This shows that the Austrians did not want a government including Mr Haider," said Amelie Rohr, political editor of *Die Presse*. "The SPÖ will now be back for years."

Despite its improved showing, the SPÖ still will need to build a coalition in order to form the next government.

With the Green party set to gain 4.5 per cent and the Liberal Forum 5.2 per cent, its most likely partner will be the OVP, with whom it has been in coalition for the past nine years.

Despite slight improvement of some 0.5 per cent on its 1994 result, the OVP, and in particular its ambitious leader, Wolfgang Schüssel, undoubtedly

emerged as losers from yesterday's poll.

Mr Schüssel brought down the last coalition government in October after sharp disagreements with the SPÖ on how to curb Austria's rising budget deficit. Calling for cuts rather than tax rises, Mr Schüssel urged voters to return the OVP as the strongest party so that he could become Chancellor.

At the same time, he indicated that he would not averse to going into a coalition with Mr Haider's FPO.

Although mathematically a "black-blue" coalition between the OVP and FPO remains possible, yesterday's results make it extremely unlikely.

Mr Schüssel's position as OVP leader may also now come under fire.

For his part, Mr Haider, a man who once praised Hitler's

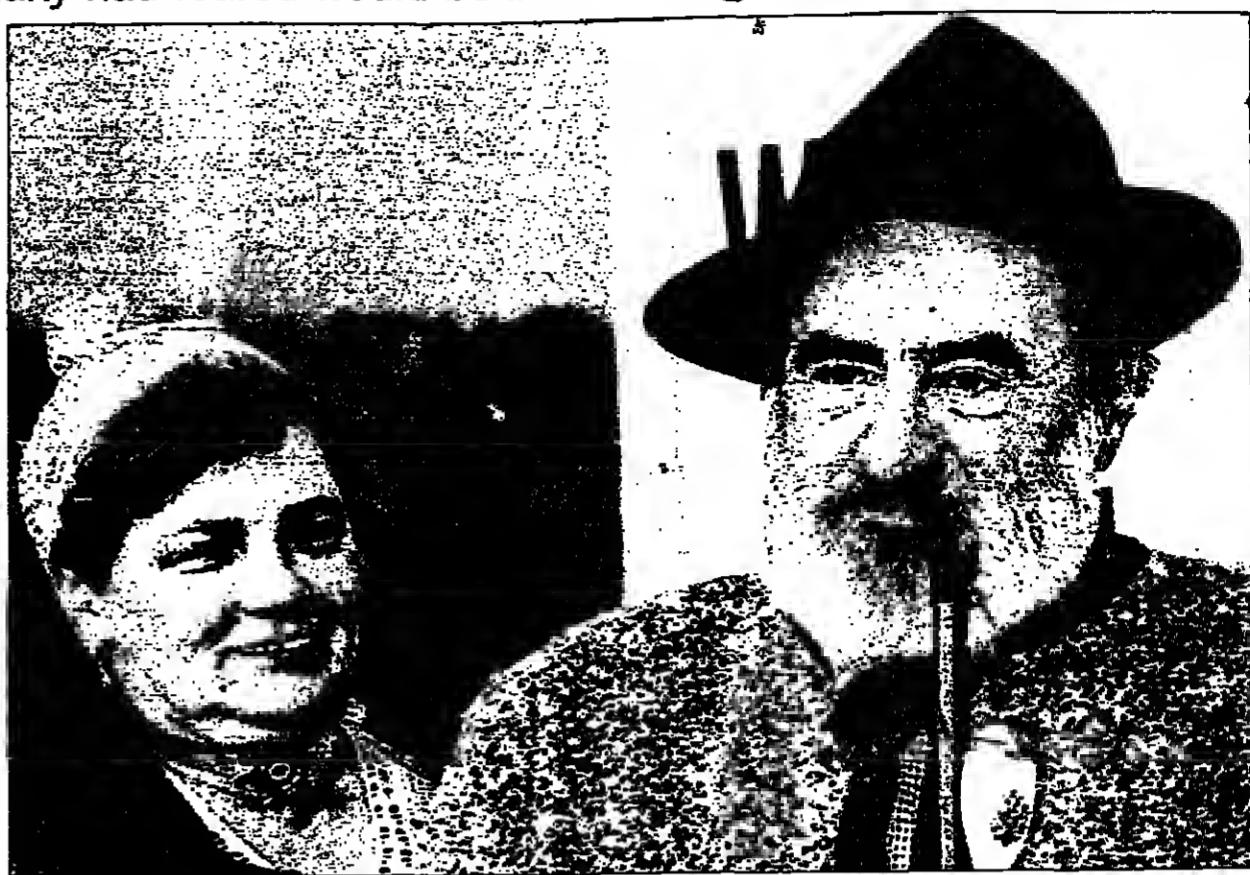
employment policies and who campaigns on a crude anti-foreigner platform, also emerged as a partial loser from yesterday's poll.

Although the FPO recorded a gain of approximately 0.5 per cent, it was hardly the breakthrough he had hoped for.

But Mr Haider's goals are more long-term. While not ruling out the possibility of assuming a role in government now, he also indicated during the campaign that he would prefer the two main parties to form yet another coalition which, he believes, would fall apart within two years.

In such an event, Mr Haider believes that the FPO would be returned as the largest party and that by 1998 he will become Chancellor.

After yesterday's poll, that scenario remains possible.



Viennese whirl: An Austrian couple in traditional Tyrolean dress casting their votes in yesterday's election

Bosnian snows delay US troop deployment

Agencies

Sarajevo — Snow and fog yesterday closed Tuzla's airfield for the fourth day, preventing the first US combat troops from landing. Nato diverted flights carrying equipment and personnel to Sarajevo instead.

Two trains were en route from Hungary to the Croatian town of Zupanja, 150 miles east of Zagreb, carrying US Army troops and equipment to build a bridge across the Sava River, a Nato spokeswoman said.

But no American planes have landed in Tuzla since Wednesday, delaying the establishment of the command post for 20,000 American troops that are to patrol north-east Bosnia. They will make up one third of the 60,000-member Nato mission.

British forces said yesterday that they were ready for Nato's peace-enforcing mission in Bosnia despite the weather.

Sarajevo was without power for a third day after heavy snowfall damaged power lines, which have been poorly maintained during the war.

Revised Interest Rates For Accounts No Longer Open To New Investors.

Amended Investment and Savings Rates.
Effective from 18th December, 1995.

Minimum Investment	Gross	Gross CAR*	Net**
Tiered Renewal Bond 2nd Issue (for matured bond holders only)			
£100,000+	6.40%		4.80%
£50,000	6.15%		4.61%
£25,000	5.85%		4.39%
£1,000	5.40%		4.05%
Lump Sum Account (Instant Access Portion)			
£100,000+	5.60%		4.20%
£50,000	5.30%		3.98%
£25,000	5.00%		3.75%
£10,000	4.65%		3.49%
£3,334	4.00%		3.00%
Trident Gross			
£25,000+	5.00%		3.75%
£10,000	4.65%		3.49%
£5,000	4.00%		3.00%
Half-Yearly Instant Access			
£25,000+	4.06%	4.10%	3.05%
£10,000	3.72%	3.75%	2.79%
£5,000	3.47%	3.50%	2.60%
£2,500	3.37%	3.40%	2.53%
£1,000	3.22%	3.25%	2.42%
£250	0.50%	0.50%	0.38%
Monthly Instant Access			
£25,000+	4.02%	4.09%	3.08%
£10,000	3.69%	3.75%	2.77%
£5,000	3.47%	3.51%	2.59%
£2,500	3.35%	3.40%	2.51%
£1,000	3.20%	3.25%	2.40%
SAYE Linked			
£1,200	5.25%		3.94%
Ordinary Share			
£1+	0.25%	0.25%	0.19%

*Without UK Income Tax deducted. **Annual return if monthly interest payments remain in the account. Assuming basic rate income tax at 25%, interest will be payable net of the basic rate of income tax (which may be reduced by non-tax-payers) or gross, subject to the required registration. CAR and net rates are illustrative only and have been rounded to two decimal places. Rates may vary but are correct at the time of going to press. FOR INFORMATION, interest rates on some other accounts have also changed from the same date. Details of interest rates paid on other accounts are available from any Britannia branch. You may be unsure as to whether your existing account is the best one for you. If so, please call into your local branch where we will be happy to explain the various schemes in detail.

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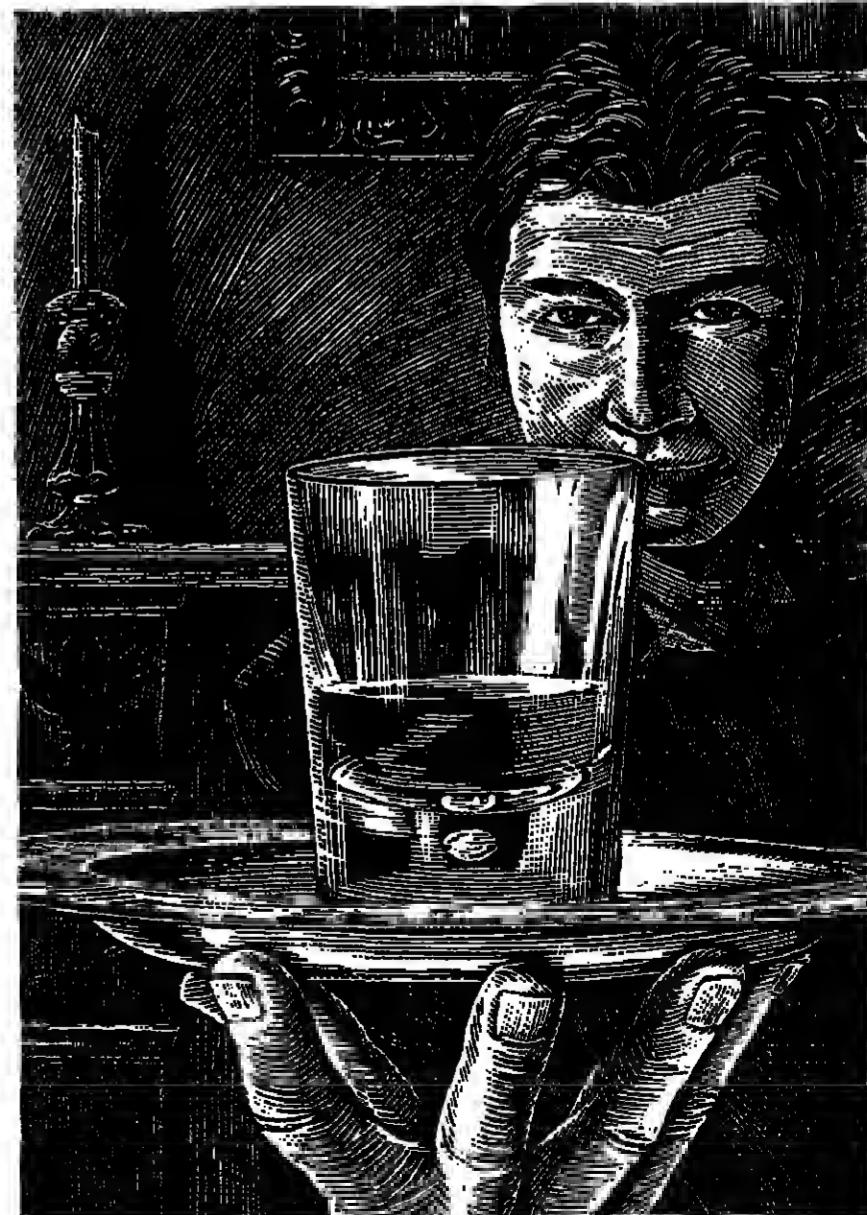
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South African tragedy: Fire at sulphur stockpile left over from days of apartheid causes havoc in quiet community Gas cloud kills three in Cape

ROBERT BLOCK
Johannesburg

When a cloud of poisonous gas from a chemical plant fire rolled into a small South African town this weekend, killing three people and forcing the evacuation of thousands, the African National Congress of President Nelson Mandela saw apartheid as the real culprit behind the tragedy.

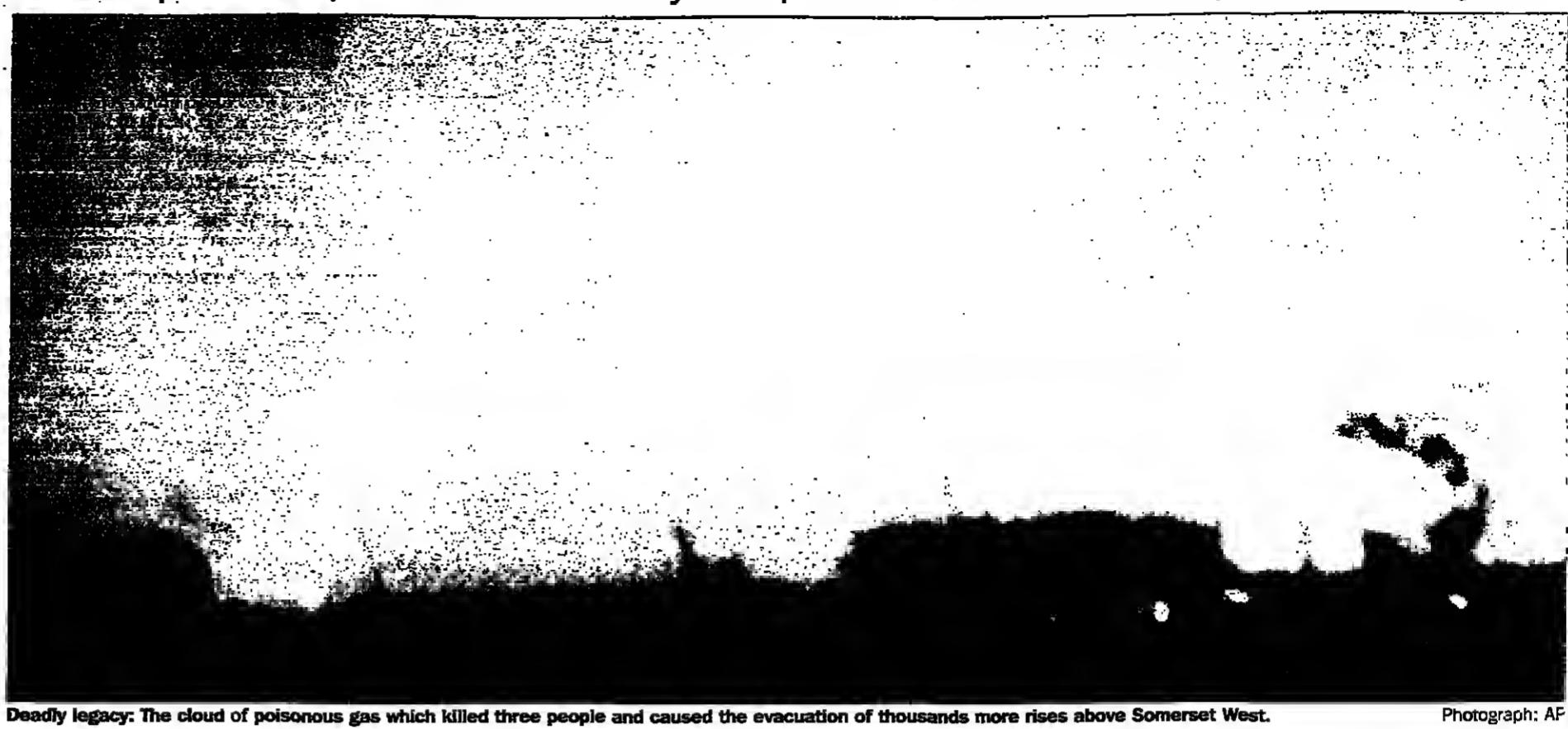
The fire that caused the disaster began in a field close to the town of Macassar late on Saturday. It quickly spread to the African Explosives and Chemical Industries (AECI) plant at nearby Somerset West, about 25 miles from Cape Town. Stored at the plant were 15,000 tons of sulphur, part of the former apartheid government's strategic stockpiles for its internationally boycotted military and civilian industries. Almost immediately a cloud

of dense, toxic smoke billowed over the area, forcing 2,500 people to flee in an assortment of cars, fire engines, police lorries and ambulances.

"We just saw a bundle of smoke coming over our place... we first thought it was just grass burning but then we smelt gas," David Ross, a Macassar resident, said after he was evacuated. "Our eyes and noses were stinging and our chests were so tight. We had difficulty breathing."

At least 100 people were treated for smoke inhalation and later released. By yesterday afternoon the crisis was contained and people were allowed to return home.

Strong winds and quick action by Cape emergency services were credited with saving hundreds of lives, but the question was asked: why were dangerous chemicals stored so close to residential areas.



Deadly legacy: The cloud of poisonous gas which killed three people and caused the evacuation of thousands more rises above Somerset West.

Photograph: AP

Madrid summit: After the 'historic' moment, hard part now is to win over a sceptical public

Drive begins to sell the 'Euro'

SARAH HELM
Madrid

The new political will at the summit here to secure a single currency, symbolised by the naming of the Euro, appears to have increased chances that monetary union will happen in January 1999. But, given the rhetoric about the 'historic' moment, there was little sense of euphoria; rather, the conference was marked by an underlying sense of unease.

Doubts persisted about whether France and several smaller countries will make the grade to join EMU and John Major's warnings about dividing Europe jarred with the otherwise harmonious tones of other leaders. But the unease was prompted, perhaps more strongly by fears about the task of selling EMU to the public.

As Chancellor Helmut Kohl



Kohl: Deal done on his terms

acknowledged yesterday, winning support is about more than a sales-pitch for the single currency; it is a sales-pitch for the whole process of European integration. "We have got to do everything to convince the people of Europe of the absolute necessity of the European Union in all areas."

The practical decisions taken at Madrid show political and technical EMU planning has come a long way this year. The timetable for the changeover was agreed early in 1998 the political decision will be taken on which countries qualify to join EMU, which will start on 1 January 1999, with the locking of exchange rates. Notes and coins will start to circulate in 2002.

For Bonn and Paris, the alliance which drives the EU, Madrid was a good meeting. Mr Kohl had cause to celebrate that the deal had been struck so far

largely on Germany's terms. President Jacques Chirac appeared unshaken by the unrest which has followed his budget cuts, necessitated by economic convergence for EMU.

The summit was also something of a watershed for Britain. Despite Mr Major's warnings, there was a new tone of British realism, giving cause to believe

that even he recognises Britain may be there too at the starting-line in 1999.

For the first time, Mr Major ruled out using the Conservative manifesto to oppose EMU membership in 1999. Even his more strident warnings suggested he knows the coming of EMU is now a reality.

Mr Chirac appeared to have sensed the new British realism, as he put it. Brushing off Mr Major's warnings about a division between those inside EMU and those left outside, as if they were designed only for a Westminster audience, Mr Chirac said: "I have great confidence that Britain will participate in monetary union in 1999."

But there was little doubt the EMU-enthusiasts in Madrid have been shaken by the French strikes. Mr Chirac's denials that there is a connection between his budget-cutting and the

Maastricht convergence criteria sounded hollow and will mean little to the French public, whose protests have been marked by an anti-European tone. Belgium has seen similar protests and German concern about sinking the Mark into a weak single currency has also brought to the fore a strain of Euro-scepticism.

It is against this background that European leaders will try to gain credibility on the streets for EMU by preparing the public, commerce, industry and banks. The European Commission is gearing up for an education campaign in schools and on television to win public support for the single currency.

Yesterday Mr Major sneered at the Commission plans, but the Government would clearly be embarrassed if single-currency campaigns appeared on British television and billboards

in the run-up to the next election and before Britain had decided to join. Germany is to launch its education campaign in spring and other countries will do likewise.

The task is immense. People are asking if sacrifices required to ensure EMU will be worthwhile. Government heads hope practical measures, particularly naming the currency, will help convince people they must enthusiastically seize this turning-point. However, so bland was the name chosen, that after Madrid, Europeans might feel even less inspired by the currency revolution.

No European leader spoke of the Euro with joy. As they knew, the more concrete EMU plans become, the more real the prospect of the change, the higher the risk of fear and doubt among ordinary people.

France back on track

MARY DEJEVSKY
Paris

The return to work of railway and local transport workers in France continued to gather pace over the weekend, with prospects for travellers and commuters today looking brighter than at any time in almost a month.

The centre of Paris suddenly came alive with shoppers and sightseers yesterday, as people tried to make up for lost time. Except in the south-west, regional trains should be back to normal today - with free travel for the next few days - and the national rail network is ex-

pected to follow tomorrow.

Meanwhile, the prime minister, Alain Juppé, appeared on television for the third time in 10 days another attempt to explain his welfare reforms. This was evidence of the extent to which, despite having "stood firm" and faced down the unions, Mr Juppé must still re-establish the credibility of his government.

For his apparent victory has neither the real political significance nor even the symbolic value of Margaret Thatcher's triumph over the miners in Britain. The return to work has been dictated by a combination of factors, none of which

constitutes even a tacit admission of defeat. The financial worries of strikers' families is one; overall weariness with the dispute another; and the size of the concessions a third.

But the general sentiment of protest remains very strong. On Saturday, the two most militant unions, the Force Ouvrière and the CGT, managed to persuade almost as many people to demonstrate as had turned on Tuesday. A new day of protest has been called for Tuesday, and there is the possibility that strikes could resume at any time after New Year.

Debasing the debate, page 14. Egalité et fraternité, page 15

Boy prince finds life in exile less than charming

His father, François Duvalier, had been known as "Papa Doc," a paternalistic nickname he received as a popular black country doctor, a name which later belied the terror of his regime. He called himself "president-for-life," a title he relinquished by passing away in 1971.

When Jean-Claude Duvalier took on the title, he was only 19. His nickname had an even more euphemistic ring to it. They dubbed him "Baby Doc." He had not studied medicine but the name went well with his baby face.

The boy ruled like a prince in the white-painted, fairy-tale presidential palace and he looked like living happily ever after, with his beautiful mulatto (mixed-race) wife, Michelle Bennett. But as he got richer, his people got poorer. They revolted against him and his terrorising thugs, known as the Tonnes Macoute, or bogeymen.

After widespread protests, the couple fled the country on 7 February 1986. Just before dawn, unnoticed by their subjects but watched by journalists at Port-au-Prince airport, they set off for exile in France on board a military aircraft laid on by the country that had long supported him and his father but which was forced, finally, to bow to the popular will - the United States of America.

On their way to the airport, the Duvaliers stopped to dig up Papa Doc's remains in an eerie voodoo ceremony, and to

empty the contents of the Central Bank. Haiti is a poor country and the deposed young dictator got away only with a few hundred million dollars in cash.

Still, a few hundred million goes a long way, even in the south of France, where the

couple settled in idyllic exile on the Riviera, near Grasse.

The word was that a courier used to travel every six weeks to Zurich and come back with a suitcase containing \$100,000 in cash.

Jean-Claude was a man of relatively simple tastes. He liked to eat Haitian lamb (conco) in the Creole style but Michelle had a taste for lobster, champagne and exclusive designer clothes from Paris. When she divorced him in 1991, she had blown much of the fortune.

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£50,000	6.20%	-	4.65%
£25,000	5.90%	-	4.43%
£10,000	5.50%	-	4.13%
£5,000	5.00%	-	3.75%
Bonus Builder (Monthly)**			
£100,000+	6.34%	-	4.76%
£50,000	6.05%	-	4.55%
£25,000	5.77%	-	4.33%
£10,000	5.39%	-	4.04%
£5,000	4.91%	-	3.68%
Britannia High Interest (Annually)			
£100,000+	5.60%	-	4.20%
£50,000	5.30%	-	3.98%
£25,000	5.00%	-	3.75%
£10,000	4.65%	-	3.49%
£5,000	4.00%	-	3.00%
Britannia Monthly Income (Monthly)			
£100,000+	5.46%	5.60%	4.10%
£50,000	5.18%	5.30%	3.82%
£25,000	4.89%	5.00%	3.67%
£10,000	4.55%	4.65%	3.41%
£5,000	3.93%	4.00%	2.95%
£2,500	3.35%	3.40%	2.51%
Britannia Instant Access (Annually)			
£25,000+	4.10%	-	3.08%
£10,000	3.75%	-	2.81%
£5,000	3.50%	-	2.63%
£2,500	3.40%	-	2.55%
£500	3.25%	-	2.44%
£250	0.50%	-	0.38%
£100	0.25%	-	0.19%
Britannia Current Account (Monthly)			
£10,000+	2.00%	2.01%	1.50%
£50,000	1.00%	1.00%	0.75%
£1-£499	0.25%	0.25%	0.18%
LTD (Annually)			
£500+	3.75%	-	2.81%
£10	3.50%	-	2.63%
Brighter Savers (Half Yearly)			
£1	3.50%	3.53%	2.63%
Trustee Deposit (Annually)			
£50,000+	5.30%	-	3.98%
£25,000	5.00%	-	3.75%
£10,000	4.65%	-	3.49%
£5,000	4.00%	-	3.00%
Tiered Renewal Bond 3rd Issue (Anniversary) (for matured bond holders only)			
£100,000+	6.25%	-	4.69%
£50,000	5.95%	-	4.46%
£25,000	5.70%	-	4.28%
£1,000	5.20%	-	3.90%

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international

Middle East peace: A deal between Damascus and Israel could leave the Palestinians out in the cold

Precise defender of the PLO cause

Hanan Ashrawi is a journalist's dream. She speaks in complete sentences and, at times, you wait for her to add the words "full stop" at the end. The academic arguments and demands for human rights of the PLO's former envoy to Washington match her grammar. They appear to be perfect, unarguable. Why not, you ask yourself, let Hanan Ashrawi write the article?

Why, she can even convince a sceptic that the brokered "peace process" might yet contain some life, semi-comatose for the present perhaps but capable of future development. And that – given the maintenance of Jewish settlements in occupied land, the refusal of the Israelis to contemplate a Palestinian as well as an Israeli capital in Jerusalem, the virtual exclusion of the entire Palestinian diaspora of up to 3 million souls – is quite an achievement.

The most famous English literature teacher in the world sits in her Ramallah home refusing to comment on the fact everyone knows: that she is to be a candidate for Jerusalem on the 20 January elections for the 83-seat Palestinian legislature.

Despite the rumours of nepotism, the growing evidence of tribal loyalties that will divide rather than unite Palestinians, she believes in these elections. "They come within the framework of an agreement that is im-

Hanan Ashrawi tells Robert Fisk in Ramallah of her hopes for the power and effectiveness of the legislature to be elected next month



Prime candidate: Hanan Ashrawi, left, is mindful of the role of women in the elections



Photograph: Nati Harnik/AP

herently unfair," she says. "I'm not saying the legislature is going to be pure and clean and perfect. But elections are one of the instruments of change here and part of self-empowerment. We should use them to the hilt. They can create legislators who can supervise the permanent status negotiations" on Jerusalem, settlements and refugees.

Already, Palestinian seats are being divided up on sectarian lines. "But elections are very healthy," Mrs Ashrawi insists.

"And you must not forget two important factors: the role of women and the role of the young – those who have been activists [sic] are also going to make a difference. They will be independent-minded. And I think Hamas [the largest Islamist group, which is boycotting the elections] should run. We should have inclusive democracy, comprehensive democracy. I have told Hamas: You are depriving your supporters of the right to represent."

And settlements? What of those tens of thousands of Jewish homes spread across the land which we now have to think of as "Palestine", along with their 120,000 Israeli inhabitants? "I don't think the settlers are monolithic. I think there are a considerable number of 'economic' settlers who, with compensation and new housing in Israel, would leave. The ideologues are the dangerous ones, who carry a gun in one hand and a Bible in the other; but even

some of these would be prepared to live in a Palestinian state. But the greatest danger are the hard-line ideologues who have divine dispensation to stay on our land – this is not just a Palestinian problem but an Israeli problem. These settlers are armed and they have the power of life and death over us – and if they go back to their own society [inside Israel], they will continue to act like that."

Hanan Ashrawi knew Yitzhak Rabin as she knew Shi-

mon Peres and she sees his assassination as a product of the Israeli government's miscalculations. "It was political expediency – the Israelis thought they could use the settlers as a bargaining chip in the negotiations with us. We kept predicting that the settlers would become very dangerous, that they would kill Israeli soldiers [who tried to move them]. We didn't think they would go to the top. Now that kind of divine settles power is truly lethal."

Mrs Ashrawi muses for a long time on what she regards as the double standards of the Middle East. "No-one who killed an Arab was ever called a 'terrorist' – it was all right to kill an Arab," she says. "But now the one-sided use of the word 'terrorist' has backfired, because the Israelis never believed that their moral 'high ground' would allow a Jew to kill a Jew. There had been all this escalation of rhetoric and verbal abuse [against Rabin] and there had been a very strange marriage between ultra-Orthodox Jews and ultra-nationalist Jews."

Which is why, Mrs Ashrawi says, the settlers are not just a political issue. "Israel cannot have it both ways – to argue about both ideology and political pragmatism. If they want to talk about ideology, they can talk to Hamas. If they genuinely want to talk peace, they have to discuss with all things based

on international law – and that means settlements and Jerusalem." She says there is an inherent bias against the Palestinians. "But you don't throw out the baby with the bathwater. Our self-interest is legitimate. We've dealt with ideals for so many years. Our dignity lies in controlling the crossing points and securing the sovereignty of our land. We have the strength of argument."

True or not, few Palestinians are in any doubt about the importance of Israeli-Syrian negotiations, and it is here that Mrs Ashrawi sounds a false note. "We encourage the Syrians and if the Syrians and Israelis can make a fair peace, it will help us," she says. But is that really true at the moment? For if Syria signed up for peace before the final Palestinian-Israeli negotiations, it would leave the Palestinians as the only party in the Middle East conflict without a temporary spending bill to keep them functioning. Already on Saturday morning, however, the shutdown was exerting its now familiar and most visible effect, as thousands of tourists found museums and monuments closed.

There must be many a Palestinian democrat who secretly hopes that Syria's President Assad – however cynically he may be viewed by the PLO – holds out for longer. Mrs Ashrawi will not comment. So you put "full stop" in your notebook.

Budget squabble sparks new US shutdown

RUPERT CORNWELL
Washington

Barring miracles, the second shutdown in a month of the US government will begin this morning, after the scrumous breakdown in negotiations between the White House and the Republican-controlled Congress over how to balance the federal budget in seven years.

No new talks were scheduled yesterday after Republicans had rejected modified proposals from the White House meaning that 280,000 workers from nine cabinet departments and various federal agencies will probably be sent home today for want of a temporary spending bill to keep them functioning, and without international guarantees to protect them. The Palestinians would be out in the cold, with no pressure on the Israelis to move beyond the "interim" phase of PLO "camps" and a powerless legislature.

F

With more than half of the 13 individual appropriations or spending bills for the 1996 budget now approved, the disruption will be smaller than that caused by the previous six-day shutdown in mid-November, when 750,000 government workers were laid off. Judging by the rhetoric, this one could be even harder to resolve.

Despite some messaging of figures, the gap remains large over the two most contentious issues, the size of cuts in the main entitlement programmes like Medicaid and Medicare, and Republican insistence on a tax cut, which Democrats say will primarily help the better-off.

But the main problem is that the negotiators – who left to themselves probably would strike a "split the difference" deal – are prisoners of their followers. With the 1996 election looming, no Democratic President would dare abandon the party's vital minority and labour constituencies and sanction excessive cuts in federal health and welfare schemes. For its part, the Republican leadership can't ignore the young conservative militants in the House, insisting on unequalled surrender by the White House.

Hence the angry words flying along Pennsylvania Avenue, with Mr Clinton charging the Republicans with waging war on the poor and Bob Dole, the Senate Majority leader and Mr Clinton's probable opponent next year, accusing the President of "spewing garbage" in his distortions of the facts. But compromise did seem in the air again in the other tussle between White House and Congress, over the surrender of notes of a November 1993 meeting between some Clinton aides and the President's lawyer to the Senate Committee probing Whitewater.

The White House says it will hand over the notes if the Senate specifically codifies the principle of attorney-client confidentiality, a step that would avoid a Watergate-style constitutional struggle in the courts.

Peres gambles on renewed Syrian talks

PATRICK COCKBURN

Jerusalem and agencies

An Israeli with a video camera filmed the assassination of Yitzhak Rabin, the prime minister, in great detail, Israeli television has disclosed.

"It is a shocking, painful, astounding and enraging film," said Rafi Reshef, a reporter with Israel's Channel Two television who has seen the video.

"They tried to portray a sophisticated assassin, but it seems like any child could have approached Rabin and committed the murder."

The 37-year-old man from Tel Aviv, who is keeping his name a secret as he negotiates the sale of his video, filmed for one hour and 20 minutes in the blocked-off street behind Tel Aviv's town hall, where Rabin was killed on 4 November. Until now it was believed that nobody had filmed the moment of the assassination.

The photographer has put the videotape up for sale at a price of up to £30,000, his lawyers said yesterday.

Mr Reshef said: "Yigal Amir [the self-confessed assassin] is seen standing behind a plant. He is seen emerging from behind, approaching Rabin, standing very close to him and shooting. Three shots are heard and the flashes can be seen. Then one sees a pile of people on top of Rabin, after which he stopped filming, complying with the orders to lie on the ground."

The film is likely to reinforce the shock of Rabin's assassination, as did a film which was taken by Henry Zapruder in Dallas in 1963 of John Kennedy being shot. It also fortuitously focuses on Mr Amir for two minutes as he waited for Rabin to try to reach his car. His trial starts tomorrow.

The video was given to the police the day after the assassination, enabling them to eliminate as suspects all but one of those standing near Rabin when he was shot at point-blank range as he entered his car.

Rabin's widow, Leah, told Channel Two television that she did not want to see the videotape and that the fateful moment would remain with her for ever. "I don't think I want to see the video... because the picture itself as it was, I remember so well and it is so difficult for me."

Asked if other family members wanted to view it, she said: "Some of them want to see

it. I think that the children want to be more prepared to cope with whether or not they guarded him [Rabin] well enough."

Mordechai Kirshenbaum, head of the Israel Broadcasting Authority, told Israel Radio that state television was trying to buy the tape, although it could not bear the cost alone.

"What motivates us is mainly the film's archival value," he said. "It should be in the public archive that documents the history of the state of Israel."

The Tel Aviv District Court yesterday turned down a request by Mr Amir's attorneys to delay his trial by 60 days, the Justice Ministry said.

Mordechai Offir, a lawyer for

Mr Amir, said the postscript was necessary to give him time to examine evidence

against his client but the court said proceedings would start tomorrow as planned.

Shooting of Rabin was captured on video



Assassination flashback: Yigal Amir, the self-confessed killer, being held seconds after the shooting last month

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THINKERS OF THE NINETIES

The feminist against freedom



She is one of America's most influential contemporary thinkers, eschewing the culture of freedom – where the powerful trample the powerless – for a new era of genuine equality. She can't write, but she sure can lecture. She has her enemies, but she has won at least an equal amount of support. Bryan Appleyard investigates the woman who is arguably her country's most trenchant sex warrior

Freedom and equality are ideals in perpetual conflict. Freedom generates inequalities; equality restricts freedom. Yet both, variously defined, are seen as essential to the just, democratic society.

In global terms, recent history has made freedom the dominant partner. Communism was an attempt to impose equality and it failed catastrophically. It created a quasi-aristocracy of party members who could maintain their power, impose their version of equality, only by terror. The risk of such a society was too high a price to pay for equality. Freedom had to come first. Equality lost its absolute claim. It could not be demanded, imposed or even too closely defined; it could exist only as a vague, desirable possibility.

For many in the West, this was unacceptable. The ideal of equality was too important to be diluted. Freedom may make us rich, but it could also reward the powerful at the expense of the powerless. Groups that defined themselves as oppressed – women, racial minorities – argued that freedom unrestrained by equality had resulted in them being denied freedom. Feminism and various civil rights movements all amounted to demands that present freedom must be restricted to attain future equality.

Catharine MacKinnon, professor of law at the University of Michigan, is currently the most influential advocate of equality. She is an extraordinary figure, inspiring devotion and abuse in equal quantities. Arguably she is the most powerful lawyer in the United States because of her some lawyers believe feminism will be the most important force in legal debate for the next 25 years. She has inspired state laws against pornography – though they were later overturned as unconstitutional. She has helped to fight a \$4m lawsuit against *Penthouse* because sex was demanded from one of its models and in 1986 she was accepted from the Supreme Court that sexual harassment was sex discrimination. Wherever the war between the sexes surfaces in American life, MacKinnon will be found.

She is emphatically not a liberal feminist. One of her books is entitled *Towards a Feminist Theory of the State*, indicating that she sees feminism as a doctrine of transformation rather than reform. Indeed, so hard-line are

her views that she has been accused by some more moderate feminists of operating a "sexual double standard" in which sex is good for the man but automatically degrades the woman. A leading American judge, Richard A Posner, has said she "depicts the United States as a vast conspiracy of men to rape and terrorise women". Such criticisms are fair in that MacKinnon does not hesitate to present her thought in sensational terms. One of her books begins with the apparent assumption that all women are raped and abused from childhood onwards. And this sensationalism is compounded by her appalling writing. She can scarcely construct a rhythmic sentence. Most of what she writes can easily be misread because of her clumsy syntax, and whole passages of her books are, even after numerous readings, incomprehensible. As a result, much of her popular influence springs not from her writing but from her many years as a visiting professor, delivering vivid, passionate lectures. Her speech seems to overcome the deficiencies of her prose.

Her importance as a contemporary thinker is undeniable. She is a true radical in that she sees the world from a perspective utterly different from that of the legal or political establishment.

Her thought was formed at Yale in the Seventies, when she joined the pioneers of the contemporary women's movement. By 1974 she had become convinced that the law did nothing to correct the inequalities endured by women. At that time she came across the case of Carnita Wood, a woman who resigned her job as a result of sexual harassment and was denied unemployment benefit on the basis that she left work for personal reasons.

The case, MacKinnon has said, "exploded in my mind". It encapsulated "everything the situation of women is really about – everything that the law of sex discrimination made it so difficult, if not impossible, to address. So I would just design something."

Mackinnon rejects biological explanations of differences between men and women, insisting they are all socially determined. Equally, she rejects the liberal feminists' distinction between sex, which is biologically determined, and gender, which is socially determined. For her, social construction is the

6: CATHARINE MACKINNON

'There is a connection between the silence enforced on women, in which we are seen to love and choose our chains because they have been sexualised, and the noise of pornography that surrounds us ...'

CAREER: Catherine A MacKinnon began involvement with radical causes at Yale. In the Eighties she defined her thinking as a visiting professor at most of America's leading law schools. She led the fight for the legal claim of sexual harassment and, with Andrea Dworkin, she wrote laws that classified pornography as a human rights violation. Her ideas on equality have been accepted by the Supreme Court of Canada and she is working with Croatian and Muslim women demanding justice for Serbian sexual atrocities.

WORK: She produced her first book in 1979. She has since published *Feminism Unmodified: Discourses on Life and Law, Towards a Feminist Theory of the State* and, in 1994, *Only Words*.

LIFE: MacKinnon is 49 and has had what is described as a long-term fling – Jeff Masson, a former psychoanalyst who wrote the book *Against Therapy*.

CRITICS: She inspires violent opposition, even from fellow feminists. She is accused of exaggeration and sensationalism, notably by saying that 38 per cent of American women are molested as girls. Her insistence on equality is frequently condemned as Stalinist.

basis of sexual difference and this is imposed by force. "On the first day that matters," she has written, "dominance was achieved, probably by force."

As a result all institutions, legal and political, are infected. The implications of this are perhaps most clearly seen in her attack on pornography. This has been defended in the United States by the First Amendment to the Constitution, which protects freedom of expression. Free speech, however, objectionable, however untrue, is guaranteed, and pornography, in these terms, is a form of speech.

But for MacKinnon pornography is an act. A rape simulated for a film is effectively the same as a real rape. This position at once exposes serious problems with the First Amendment. Child pornography, for example, is banned – but why does it escape the blanket guarantee of the Constitution? Because, some would say, it involves coercion and clear harm, whereas adult pornography is consensual and not provably harmful to the participant.

But MacKinnon sees the whole structure of pornography as coercive and unquestionably harmful in that it reinforces the subjugation, the inequality, of women. Pornography incites as



surely as the flaming crosses of the Ku Klux Klan or the rhetoric of racism. Society, she says, is made of language, so the distinction between a vicious act and a vicious word, clearly embodied in the First Amendment, cannot be made.

The insistence on the purely social rather than biological reality of current sexual mores means that phenomena such as pornography are not predestined; they can be changed or eradicated completely. We are, after all, in control of our social destiny. This leads to a strong streak of Utopianism in MacKinnon's thought.

"In a society in which equality is a fact, not merely a word," she writes, "words of racial or sexual assault and humiliation will be nonsense syllables. Sex between people and things, human beings and pieces of paper, real men and unreal women, will be a turn-off. Artefacts of these abuses will reside under glass in museums next to the dinosaur skeletons." In other words, the lack of equality turns society into an abusive, coercive freak show. Equality cannot be diluted in the name of freedom, because equality is the only freedom.

Contradictions abound in her work, probably because of the impatient deficiencies of her writing. For example, she insists that soci-

ety is made of language, but then dreams of a day when equality becomes "merely a word".

Even her most conservative critic would have to acknowledge that a phenomenon as pervasive and disturbing as pornography does seem to be a symptom of some radical sickness in society. Her solutions, however, can seem shockingly authoritarian. It is difficult to imagine how the kind of Utopian equality of which she dreams could be imposed without an accompanying apparatus of totalitarian rigour.

But MacKinnon's importance lies not necessarily in the detail or the practicality of her thought. It lies in the way she has prised open a chink in the armour of the culture of freedom. That chink is the way freedom tends towards exclusivity, privilege and the systematic disadvantage of certain groups. Others, spotting the same weakness, have turned to religion or strict, conventional moral authority as a way of blunting the more brutal aspects of freedom. But MacKinnon and her followers turn instead to a new centrality for the concept of equality which will create "a context of repose into which thought can expand, an invitation that gives speech its shape, an opening to a new conversation."

Illustration: Chris Priestley

Is the episode of *Absolutely Fabulous* never made. How to get your moisturiser when all of Paris is on strike. The latest labour dispute victim is the supermodel Naomi Campbell. The fashion retail magazine *Women's Wear Daily* reports in breathless and outraged tones how the world of haute couture has been transformed from fashion victims to strike victims.

First there is Ms Campbell, who sent her driver out to buy her moisturiser. The traffic turned a 20-minute trip into a half-day excursion. The plight of students without lessons, workers without transport and households without post, pales before the thought of a supermodel's skin slowly drying to the passing beat of demonstrating strikers.

But even this horror is superseded by the toll the strike is taking on society events. The sumptuously named Lady Celestria Noel, it emerges, failed to arrive on time for the Paris Debutante Ball, an event the strikers had shamefully neglected to exclude from their action.

And with the horror and distaste that one can imagine *Absolutely Fabulous*'s Patsy expressing, some of Paris's beau monde are, for the first time in decades it seems, having to walk WWD holds the front page for the shocking revelation that Dreda Mele, director of Giorgio Armani in France, had been "forced to walk" from apartment to office, a full 30 minutes' hike.



The language of the fashion/strike victims is suitably apocalyptic. "It's Sarajevo over here," says Chanel's Karl Lagerfeld, meaning, one assumes, that he also had to hoof it to work.

But the troubles are not without their opportunities. An enterprising strikebreaker of the Nineties could hire Zola-esque street urchins to run around the city fetching moisturisers for the rich and fragile before massaging their aching feet.

The Princess of Wales seems certain to land in next year's dictionaries of quotations for her wish to be "the queen of people's hearts". It was a memorably spontaneous phrase. Or was it? Searching through the remaindered section of his record collection, Eagle Eye is stunned to find the lyrics from a 1987 composition by an amateur songwriter, Basilio Magno, who lives in Spain and is

now 72. It is entitled *Sweet Lady Di* and includes the phrase: "She'll remain a queen in every Briton's heart."

Magno tells me he sent a copy to Princess Diana in 1987. Her private secretary showed it to her and reported back that "she found it very cute". And, as with all the best songs, could not, it seems, get it out of her head.

Comforting to know it's not just British Rail that can't cope with cold weather. A passenger on a British Airways flight to Switzerland was delayed for several hours at Heathrow while the plane was de-iced. However, the pilot kept on saying that it was not the airline's fault, but that of the British Airports Authority, which had only three de-icing machines at its disposal at Terminal One.

"Not our responsibility," says the man from BAA. "BA de-ice the planes; we keep the runways clear." When the machine eventually turned up, the pilot then shamefacedly had to say: "You won't believe this, but the wrong fluid has been used and the whole process has to start again." The plane took off more than three hours late.

Never underestimate the malleable properties of traditional institutions. Sotheby's, the 251-year-old auction house, has decided it's time for a change. It has hired corporate redesigners from New York to revamp its colour schemes worldwide.

"For well over a decade different colours have defined the different branches," explains a spokesman. "In London, the colour has been green; in New York, it has been grey and in Europe (other than London) it has been green-grey." Now, in keeping with what the Sotheby's image gurus dub the auction house's "worldwide leadership" role, all branches are to sport a more dominant and expressive "reflect blue".

I hope the redesigners will not be submitting too large an expenses and travel claim. They came across their new colour in an Yves Klein painting, which hangs in New York's Museum of Modern Art.

My tame professor of statistics at Neasden University (formerly Dollis Hill Polytechnic) has been monitoring the regularity with which topics appear in national newspapers. He spotted an 18 per cent fall in giraffe stories in the national press this year compared with last. Delving further, he found, in a basket of British dailies, a massive 47 per cent rise in ostriches, attributable to the increased popularity of ostrich farming and the zero-rating of edible ostrich products by the VAT men.

He concludes: "The past three years' ostrich figures of 186, 227 and 348 indicate exponential growth. While beef stories (thanks to mad cows and McDonald's) have passed the 3,800 level for the first time, the rate of increase is slowing and should peak next year. Extrapolating these figures into the next millennium, we predict that ostrich will have overtaken beef by 2002, barring any unforeseen outbreak of mad ostrich disease or libel suits connected with ostrich burgers."

Christmas-card watch: searing social comment from the British Library. The card from its director, Brian Lang, this year features a number of whitish elephants. The picture is a watercolour by the 19th-century Indian artist Sita Ram, sporting possibly the longest and least memorable title in the history of art: *Iluminations at the Palace of Farhat Baksh, Lucknow, on 27th October, 1814, during the state banquet given by the Nawab of Oudh, Ghazi al-Din Haider, for the Governor-general Marquess of Hastings*. Next to the elephants are a mass of the local populace clearly wondering what is going on within the walls of the lavish building and why it is taking so long. The British Library's sense of irony is consummate.

Eagle Eye

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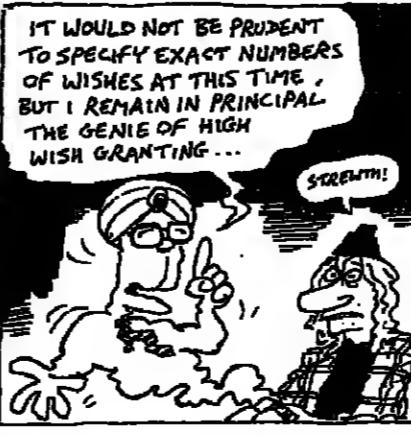
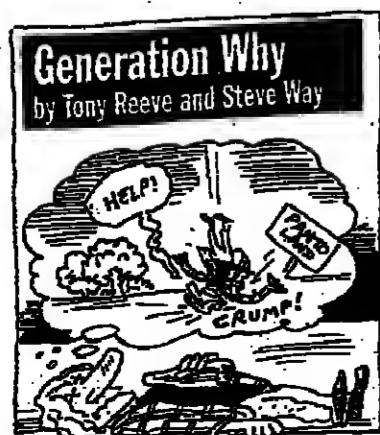
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Debasing the European debate

The close of the European Union's summit in Madrid at the weekend has demonstrated the tragic width of the gap that separates the reality of Europe from British perceptions of it. No sooner had the EU's leaders reaffirmed their intention to proceed with the creation of a single currency in January 1999, and to call the currency the "Euro", than the chorus of blinder Europhobes rose up to denounce the project as a plot against British institutions and the British way of life. It was not only absurd but also offensive to hear one Conservative backbencher on television compare monetary union to "the Fourth Reich" on the march.

John Major did not help matters by sneering at the choice of Euro as "uninspiring" and arrogantly likening his EU partners to lemmings tumbling off a cliff. Did that really sound like a leader determined to place Britain at the heart of Europe, as he promised at the start of his premiership?

The EU wants to make a success of monetary union, not because it has conceived some devilish plan to expiate ancient British freedoms, but because it sincerely believes this is the best way to secure prosperity and stability across the whole of Europe. The German political classes, far from seeking to rule Europe by means of a single currency, regard monetary union as the most effective way of binding Germany into Europe, laying to rest fears about German power, and pooling Germany's strength for the greater benefit of the EU. Germany's worst fear is that if there is no single currency, the mark will dominate the European economy even more than it does.

today, sparking what could eventually be a very dangerous anti-German mood in the rest of the Union.

None of this means, of course, that there are not serious doubts about the way the EU is moving to monetary union. By shackling itself to the January 1999 deadline, the EU runs the risk of launching the single currency at a time of stagnant economic growth, high unemployment, unpopular deflationary policies and a widespread sense of insecurity among many millions of Europeans. The lack of public enthusiasm in Germany for monetary union, and the recent social disturbances in France and Belgium, caused partly by government attempts to meet the Maastricht treaty's conditions on low budget deficits, are problems that cannot just be wished away. Moreover, the EU has been too slow in addressing the difficult question of how to manage relations between those countries in the single currency and those outside.

Mr Major raised such points in Madrid, but he would have received a far more attentive hearing if Britain's EU allies viewed the Government as a constructive partner in tackling the challenges facing Europe. Instead, the whining tone of British negativity has caused our allies to shut their ears even when we have a sensible case to put forward. John Redwood's latest attacks on the most pro-European cabinet minister, Kenneth Clarke, make it even less likely that British views on monetary union will be carefully considered in Europe. This country is being forced to pay a heavy price for the continuing Tory division over Europe.

An obsession with opting out

John Major and Gillian Shephard are old buddies, each with seats in East Anglia. Mrs Shephard, Secretary of State for Education and Employment, has repeatedly said that she is happy for Number 10 to play a big role in shaping education policy. But in one significant area, at least, these closest of political allies are at odds.

The problem is the Prime Minister's obsession. He desperately wants to increase the number of self-governing schools. And he seems incapable of accepting reality: that most parents do not, in fact, want their schools to break away from the local council.

This fixation is becoming serious. It is now clear that the Prime Minister is prepared to ride roughshod over even the opposition of many parents. His latest idea is to let church schools break away merely on their governors' say-so, without holding a parental ballot. In short, to get the numbers up, Mr Major would junk a key principle underlying opting out – that it should reflect and increase parental choice. He would discredit a policy meant to liberate schools and parents.

The Prime Minister's zeal is understandable. Opting out can, indeed, offer schools a chance to free themselves from what can be the dead hand of council bureaucracy. But if it is not genuinely optional for parents, then it loses its Tory *raison d'être*.

And Mr Major's plan is politically inept. The churches do not like it: their schools already enjoy considerable autonomy and most do not want any more distance from their local council. In the past

school year, 15 out of the 4,000 voluntary-aided or church schools conducted ballots of parents, and of those only six voted to opt out.

Mrs Shephard for her part has spotted the storm ahead and is against changing the balloting rules. But she has been unable to convince her boss to swallow his pride and drop his controversial proposals.

So why is Mr Major persisting with an unpopular policy shift that could have bishops denouncing him from their pulpits? Because he now realises that school self-government is unlikely to take root in the school system before the general election. So far, only one in 24 schools has opted out and only a trickle are in the pipeline. Mr Major is a politician in a hurry, worried that Labour will take power and kill the self-government ideal.

He is behaving like many of his predecessors. Labour and Tory, who were too desperate to leave their own institutional mark on the education system. Like them, Mr Major suffers from the illusion that you cannot improve schools unless you reorganise them.

He is mistaken: there are many other ways to raise standards. Instead of flogging a policy that does not want to run, the Prime Minister should listen to Mrs Shephard and instead concentrate on developing schools in their present framework. He could start by trying to raise morale among disengaged teachers. The best start would be a period of stability in schools as we come closer to the election, instead of questionable organisational change that an alternative government would quickly unstitch.

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LETTERS TO THE EDITOR

Brixton: the part played by police in a protest-turned-riot

From Mr Jamie Elliott

Sir At 10.30pm on Wednesday evening in Brixton, I was coming home from a quiet drink in Coldharbour Lane. A friend and I cut through Ruscroft Road to avoid the brewing trouble. The street was virtually deserted but, as we approach the junction with Effra Road, relative calm was broken by hundreds of riot police surging from Brixton Road towards Brixton Hill. A sizeable section of this force then wheeled in our direction, blocking the exit of Ruscroft Road, charging towards the handful of pedestrians in their path, screaming at us to "move". We ran, not fast enough, and I felt a sharp pain in my back as I was struck by a police baton.

Blind panic was soon replaced by outrage and disbelief at what had happened. But she has been unable to convince her boss to swallow his pride and drop his controversial proposals.

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From Mr Joseph Smith

Sir One can see from the tenor of discussions following Wednesday's tragic protest-turned-riot that peace will not be forthcoming.

Attention remains focused on members of the black community, who are held fully responsible for the riot. However, criminalising black anger is not a good way to begin a constructive dialogue.

Authorities seeking a rationale for the anger that sparked the riot should stop pointing fingers. For instance, why isn't the death in custody of Wayne Douglas included as an incident? In the aftermath of that tragic death, a more reasonable authority might have suggested a lower profile profile on Wednesday.

Deploying large numbers of police in full riot gear is definitely an incitement. Isn't that a sign that the police are itching for a confrontation? Your timeline ("Angry words that ignited the tinderbox", 15 December) shows that trouble erupted after police in full riot gear tried to block protesters from disrupting traffic. Unfortunately, someone decided that a sit-down demonstration was too much to tolerate. That decision ended with a full-scale riot.

Sir Paul Condon's remarks about a "criminal element" don't play too well, as he is on record as viewing the whole black community as inclined towards crime. Why hasn't he resigned?

Focus remains on the strong words of Rudy Narayan, as the key to the riots. He offers an obvious target. However, the actions that followed his strong words were a march and a sit-down demo. It took police action to turn the situation into something bigger. What harm would have come from letting the protesters express their anger, even if that meant several hours of noisy chanting and blocking traffic? With no resistance from police, the marchers would have gradually grown tired and dispersed.

Peace will come to communities like Brixton only when the grievances of the black community are given serious attention.

Everything about the handling of Wednesday night's demo shows that we have a long way to go in this regard.

Yours faithfully,
JOSEPH SMITH
London, W4
15 December

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future social values and employment opportunities.

There is no point in asking people to behave responsibly when they can see no opportunity to make a valued contribution.

Long-term partnerships between all stakeholders will do more to tackle the causes of destructive cynicism than short-term measures aimed only at the symptoms of disenfranchised youth. Until we listen to young people, and create opportunities for them to use their energy to more positive ends, we will never benefit from their creativity and idealism.

Yours faithfully,
JO GARDNER
2020 Vision
Industrial Society
London, W1
15 December

From Ms Sue George

Sir: I was interested by your "witty" crossword cartoon about Brixton (15 December). It panders to the prejudices of people who have never actually been there and imagine it is a dangerous ghetto where white people venture at their peril. Brixton, in reality, is a lively, exciting and friendly place to live. It also trivialises the problems of thousands of young men in Brixton and elsewhere, who can see no hope for the future and whose very lives seem to be expendable.

Yours faithfully,
SUE GEORGE
London, SW9

Nation's good judgement

From Lord Hunt of Llanfairwaterhead

Sir: I don't always agree with the views expressed by Polly Toynbee but, for what little it is worth, I would like to support most strongly her article today ("Man enough for poisonous porridge", 13 December) about the treatment accorded by the Home Secretary to Judge Stephen Tumim, lately Chief Inspector of Prisons.

I would wish to plant a small personal flag beside the standard hoisted by the judge, in his courageous and persistent campaign for a more constructive policy in regard to the treatment of prisoners. There is no need for me to add to the ominous warnings bearing upon the prison population in particular, and society at large, which may result from the pursuit of Michael Howard's negative attitude towards crime in the community, and the treatment of offenders in our prisons. Stephen Tumim's warnings are based on more up-to-date information than I have, but I believe they are as relevant as they were when I was first involved in the criminal justice system nearly 30 years ago.

Sooner or later, these policies will have to change – or God help democracy.

Yours sincerely,
JOHN HUNT
Aston, Oxfordshire
14 December

The writer was the first chairman of the Parole Board, 1967-73.

Party spirit

From Mr Michael Cooke

Sir: I am writing on behalf of my mother, granddaughter of Mikhail Petrovich Botkin, mentioned in your article of 15 December ("Master forger's legacy goes on sale"). Your article states that M. P. Botkin bequeathed "his magnificent collection of medieval and Renaissance art" to the Russian Museum in 1917. This is not the case. M. P. Botkin died in 1914 and his wife had the collection packed and handed "for safe keeping" to the cellar of the Hermitage.

The number of complaints about noisy neighbours has risen dramatically over the last 10 years. Before an EHO will take action, he or she has to ascertain that the noise constitutes a nuisance, ie that it is sufficiently loud and regular to disturb sleep patterns and present a risk to health and well-being.

One-off

obituaries/gazette

Phil Piratin

For five years, from 1945 to 1950, there were two Communist MPs at Westminster — William Gallacher and Phil Piratin. Though they were very different in origin, age and temperament, most Communists felt they made a very good parliamentary double-act.

Gallacher, elected in 1935, was the Clydeside agitator who punched the Chief Constable at the Battle of George Square in Glasgow at the time of the 1919 strike for the 40-hour week. Piratin was the East Ender whose organising abilities brought 100,000 Londoners to the streets in the Battle of Cable Street in 1936 and stopped Mosley's Fascists from marching through Whitechapel.

The two class warriors never aspired to be great Parliamentarians in the conventional sense, but after Piratin was elected in Mile End in 1945 they worked the system effectively as a parliamentary group of two, officially recognised by the Speaker. Years later, in a long interview with Kevin Morgan, biographer of Harry Pollitt, Piratin described how he used to answer questions at meetings about his relations with Gallacher: "It's quite simple: there are two of us and Gallacher is the elder [64 compared with 38], and therefore I automatically moved and he seconded that he should be the leader. He then appointed me as Chief Whip. Comrade Gallacher decides the

policy and I make sure he carries it out."

In fact, of course, the policy was that of the Communist Party, to whose executive committee and political committee Piratin was elected after he became an MP. I recall him making forceful contributions to the discussions in both bodies, and because of his position in Parliament and his work in the East End and on Stepney Borough Council, to which he had been elected in 1937 (the first Communist councillor in London), he was always listened to with attention and respect.

In Parliament one of his proudest achievements was the tabling of a Private Member's Bill, on safety at employment, with the support of a number of Labour MPs. In the event it was withdrawn when the Minister of Labour agreed to incorporate some of its points in the Labour government's future programme. A less happy experience was his censure by the Commons Committee of Privileges for a fight with a journalist whom he said had abused him as a Jew and a Communist, though the journalist was also censured.

Even if he had not become an MP Piratin's record would have ensured him a place in the party leadership. Born into an orthodox Jewish family, he began to have doubts about his father's religious beliefs as a schoolboy during the First World War. He

was shaken when he saw that the Chief Rabbi of Germany was calling on Jews to fight in the Kaiser's army and the Chief Rabbi of the UK was calling on Jews to fight in the British army. It was abhorrent to think of one Jew fighting another.

The General Strike of 1926 and the hunger marches of the unemployed, combined with wide reading of books on social and political questions borrowed from the Whitechapel Library, further stimulated his interest in politics. He finally joined the Communist Party after the Mosley rally at Olympia on 7 June 1934, when hundreds of anti-Fascists were beaten up by the Blackshirts. "That night," he wrote in his 1951 memoir *Our Flag Stays Red*, "I was proud of the anti-Fascists, the working class, and particularly the Communist Party. I could have kicked myself for not being a member of a party whose lead I was so proud to follow." Then began a period of ceaseless activity as leader of Stepney's Communists. A major part of his work was helping tenants to organise for repairs and against evictions. The Stepney Tenants' Defence League won significant concessions for tenants, sometimes through threatening legal action, but more often by hitting the landlords where it hurt by rents strikes in which thousands took part.

In the Second World War Piratin volunteered for the Royal Navy, but was refused entry, despite an appeal to the Home Secretary, Herbert Morrison. He became an air-raid warden, and was appalled by the conditions in the shelters for working people compared with those for the rich. To draw attention to the scandal he organised an invasion of the luxury shelter at the Savoy Hotel by 70 men, women and children. They demanded refreshments in the form of tea and bread and butter, but were told that the minimum charge for anything at the Savoy was 2s 6d. Eventually the waiters and management were persuaded to serve tea and bread and butter (on silver trays) at the Lyon's teashop price of 2d. The propaganda coup received wide publicity, followed shortly after by the party's challenge to the Government's refusal to open the tubes as shelters. The gates broken down when the air-raid sirens sounded, the Government gave way, the tubes were opened, refreshments and first-aid facilities provided and bunkers installed.

Later in the war Piratin became the Communist Party organiser in West Middlesex, playing a big part in increasing production in the arms and aircraft factories there, and greeting by the sentry on the door with "Good morning, Phil" when he went into meetings of the Communist Party provided and bunkers installed.

In 1950, as the Cold War in-

teasified, both Piratin and Gallacher lost their seats. Piratin then became circulation manager of the *Daily Worker*, leaving in 1956 to go into business.

He remained in demand as a popular speaker at Communist gatherings, and historians,



Double-act: Piratin (right) with William Gallacher

Photograph: Communist Party Picture Library
Philip Piratin, politician; born 15 May 1907; member, Stepney Borough Council 1937-49; MP (Communist) for Stepney, Mile End 1945-50; twice married (one son; two daughters); died 10 December 1995.

George Matthews



Hepburn painted by Nina Hamnett in 1922, when he was 14

Jim Hepburn

Jim Hepburn moved in Bohemian and artistic circles but always retained the image of the classic English gentleman. None the less he managed to pioneer tap-dancing on the London stage, flew bombers in the Second World War and became the second person to circumnavigate the globe from which thousands took part.

He was born in Bloomsbury. His mother was Anna Wickham the poet, a fiercely unconventional woman who appears to have despised her husband's suffocating conventionalism. Jim's father, Patrick, was a lawyer, and as President of the British Astronomical Association, a world authority on the planet Saturn. He learned Hebrew in order to translate the Psalms and was a reckless fell-walker who died trying to get to Borrowdale from Grasmere on Christmas Day. He was, perhaps, unconventional in everything but in his insistence that Anna play the role of model housewife.

From 1909 the family lived in a house in Downshire Hill, Hampstead, where D.H. Lawrence and Edith Sitwell were regular visitors. One of Jim's earliest memories was of himself and two other small boys parading round one of Anna's garden parties in the summer of 1914, each holding up a placard: one read "VOTES", the next read "FOR", and the third "WOMEN".

In 1919 they moved to Parliament Hill, where Hepburn was to live for the rest of his life. House guests were numerous and included Malcolm Lowry, Lawrence Durrell and Dylan Thomas. The bathroom (which doubled as an aviary) inspired the opening of Dylan Thomas's 1955 story *Adventures in the Skin*.

When her youngest son died from scarlet fever, Anna whisked her eldest off to Paris for six months, to rub shoulders with Ezra Pound, Sylvia Beach,

Djuna Barnes and Nina Hamnett, who painted a portrait of him. One evening at the Dome, he beat Aleister Crowley at chess — thus incurring the fury of the Beast.

In 1927, Jim Hepburn appeared at the Hippodrome in *Hit the Deck*, starring Stanley Holloway and Jessie Matthews. Through his mother's friend Augustus John, he met C.B. Cochran and the following year became Noel Coward's understudy in *This Year of Grace*, which also starred Beatrice Lillie. During the run in New York, Jim took lessons in the latest tap-dancing techniques and on his return to England taught them to his brother John. The two tap-danced their way through the music-halls of the Thirties as "The Two Madisons" (billed as "Red Hot Terpsichore"). In 1935 Matthew Norgate wrote in the London *Evening Standard* that the "Two Madisons and Sonja" were remarkable for the fact that they

actually managed to make tap-dancing interesting.

When war broke out, "The Hepburn Brothers" (as they were now called) signed up immediately. Jim joined the RAF and found himself acting as navigator owing to a knowledge of astronomy picked up from his father. He flew with 216 bomber squadron in North Africa, once making a successful landing in the desert during a sandstorm. In 1943 he was awarded the DFC.

After the war, Hepburn helped pioneer the idea of freight aviation by flying round the world. In 1948 he started Eagle Aviation with Harold Bamberg and joined in the Berlin Airlift, flying 28 round trips in 10 days.

In 1950 he married Margaret Telfer, a woman with something of his mother's strength of character, and decided that family life was incompatible with operations flying. He joined the Ministry

of Defence, where he worked until 1977 without ever saying exactly what he did — although local rumour had it that his was the finger poised over the nuclear button. This was almost certainly not true, but one could imagine if someone were to have that job it might well be a man as steady, trustworthy and true as Jim Hepburn.

In later life he instigated the literary revival of his mother's poetry and became a home brewer of beer *par excellence*. He was a cornerstone of the Hampstead Labour Party, and claimed that his remaining ambition was not to die under a Tory government.

Terry Jones

James Geoffrey Cutcliffe Hepburn, tap-dancer, air force officer, and civil servant; born London 3 November 1907; DFC 1943; married 1950 Margaret Telfer (née Hope; one daughter; two stepdaughters); died London 13 December 1995.

Lt-Gen Manuel Gutiérrez Mellado

Lt-Gen Manuel Gutiérrez Mellado joined the uprising of Franco's forces in July 1936 that opened the Spanish Civil War and served the *Caudillo* loyally until his death in 1975, but then turned his energies to persuading Franco's army to serve Spain's emerging democracy. He became a key figure in the process by which Spain's dictatorship organised its own destruction.

Isolated among his fellow officers, he often faced insults and mutiny while trying to persuade them to kill their rattling sabres.

He is best remembered for standing up to the rebel Civil Guardsmen who burst into the

Spanish parliament building on 23 February 1981, and held MPs at gunpoint for 24 hours. Gutiérrez Mellado jumped from his seat and darted across the chamber to tell the intruders sharply that they had no business in the place. They grabbed him by his jacket collar and tried to manhandle him off the way, but the frail old man stood his ground.

It was in the early days of the televising of parliament and his actions were seen by millions of Spaniards, who spent the night glued to their television screens as the coup attempt unfolded live before them.

With his hatchet face, heavy spectacles and close-cropped

moustache, "Guti", as he was nicknamed, looked the perfect image of the despotic general. He started his career as a Francoist as an under-cover agent for the Nationalists in the Republican zone during the Civil War, and then became a distinguished staff officer and unit commander. But, after Franco's death, between 1976 and 1979, he transformed the Spanish armed forces from a sclerotic army to a modern, professional force built to crush democracy into a modern, professional body at the service of a democratic state.

As Chief of General Staff, he was alone among 16 generals in the unelected parliament to support the government's plan to legalise trade unions in 1976. And he had to disarm open revolt in the armed forces when the reform-minded prime minister, Adolfo Suárez, decided to legalise the Communist Party.

Gutiérrez Mellado threw himself with gusto into the task of shaking up the army. Working with a small staff, sleeping little, he drafted a string of decrees reforming the pay structure, curbing the armed forces' extensive political privileges and abolishing their jurisdiction over terrorist offences.

Above all he abolished the Francoist command structure.

He put the armed forces under the government's thumb and removed the three separate armed forces ministries by a single defence ministry after free general elections in 1977. He headed the new ministry but in 1979 stepped down in favour of a civilian to become deputy prime minister with responsibility for security and defence. He withdrew from government in 1981.

Gutiérrez Mellado was a man of few words and simple tastes, and although the King and Queen of Spain attended the mass in his honour his funeral was of military austerity. Santiago Carrillo, the former Communist Party boss, said that, even though they were in "opposing camps", he liked and respected the general for his fight to bring Spain to democracy without traumas.

He was heading out from Madrid to Barcelona to address a conference on "The Armed Forces and the Democratic Transition" when he died in a traffic accident on the icy road.

Elizabeth Nash

Manuel Gutiérrez Mellado, soldier and politician; born 30 April 1912; created 1994 Marqués de Gutiérrez Mellado and promoted Honorary Captain General; married 1939 Carmen Blasco Sancho (four children); died Guadalajara, Spain 15 December 1995.

Gutiérrez Mellado: transformed the Spanish armed forces

Lt-Col Douglas de Cent

Douglas de Cent, a successful escaper and escape organiser, had post-war careers as a diplomat and then with the Royal College of Nursing.

As a boy he wanted to be a pianist but his family — his father was a naval surgeon — disapproved. He enlisted in 1939 in the Kent Yeomanry, served as a gunner in France in the spring of 1940, and returned safely — without his gun — through Dunkirk. He was commissioned into the same regiment, and fought in the Western Desert, where he was taken prisoner.

He promptly jumped off the lorry that was taking him away, and almost got through to the British lines before he was recaptured. In the large prisoner-of-war camp at Sulmona and Bologna he played a leading part in several escape attempts, and managed to get away from Bologna at the last moment as the Germans were taking the camp over in September 1943.

He walked south-east for several hundred miles through the mountains, sheltered now and again by peasants; and this time got safely through to the Allied lines. One of his fellow escapers, a young Englishwoman, who had been interned by the Italians and had also been unwilling to await German captivity, he later married.

M19, the secret service in charge of escapes and evasions, took him on to its staff. He worked under Airey Neave, who had made the home run from Colditz; both on securing intelligence by coded letters from prisoners of war, and on arranging escape lines on the Continent. He was among those who helped to rescue British airborne troops left in hiding after the disastrous battle at Arnhem in September 1944.

After the war, he tracked down the escape lines' helpers on the Continent, to offer those he could trace some degree of help or recognition. This led to work with British diplomatic missions in France, Belgium and Denmark. As a side-line he kept up his soldiering interests, learning to parachute, and indeed rising to command 23 SAS. During the Korean war he took over an inter-service organisation training the Allies in techniques of evasion and escape; for these services he was appointed OBE.

Still under War Office control he became British military attaché in Laos for three years and then took charge of a consular mission covering a large island area in South-east Asia — the largest such mission in the service — which looked after eastern Indonesia, Portuguese Timor and Dutch New Guinea.

De Cent retired from diplomacy in 1963 to embark on 20 years' work in support of the Royal College of Nursing, where he was director of press and public relations. He did a great deal to support the college and to improve nurses' pay quite without thought about himself; and was active in other charities as well.

He had a modest, unobtrusive personality, retained a keen ear for music, and developed a delicate palate for wine — to the delight of many of his visitors.

M. R. D. Foot

Douglas Cecil de Cent, soldier and diplomat; born Bridge, Kent 15 September 1918; thrice married (one son, one daughter); died 18 October 1995.

CASE SUMMARIES

18 December 1995

Damages
Birse Construction Ltd v Haile Ltd and one CA (Nourse, Rock LII, Sir John May); 5 Dec 1995

On the true construction of s 1(1) of the Civil Liability (Contribution) Act 1978, which provided that "any person liable in respect of any damage suffered by another person may recover contribution from any other person liable in respect of the same damage", the words "the same damage" meant damage suffered by the same person.

Insurance
Richard Gray QC (Penwick Elliott) for the appellants; Robert Abrahams QC, Adrian Williamson (Alistair Thomson & Partners) for the respondents.

Insolvency
Dearborn v Alltime Securities Ltd; CA (Birch, Peter Gibson LII, Forbes J); 30 Nov 1995

Where, at a creditors' meeting to approve a voluntary arrangement, the chairman "agreed" under r 15(1)(3) of the Insolvency Rules 1986 (SI no 1925) to put an estimated minimum value on a creditor's unliquidated or unascertained debt so as to entitle that creditor to vote at the meeting, he was doing no more than expressing his willingness to put that value on the debt. It was not necessary for him actually to reach an agree-

ment as to the debt's value with the creditor or anyone else. It would materially diminish the utility of voluntary arrangements if creditors with such claims were free not to be bound by the arrangement simply by choosing not to agree a minimum value which was not to their liking.

Plaintiff
Anthony Zecconi (Adelio Goldani) for the debtor; Amanda Tipper (Tindall Springall, Beckenham) for the creditor.

Tax
MacArthur (Inspector of taxes) v Greycoat Estates Mayfair Ltd; ChJ (Sir John Vinsent); 6 Nov 1995

Yearly interest payable by a property company but agreed to be capitalised for a stated period was deductible from the company's profits under the Income and Corporation Taxes Act 1988, s 338 as a "charge on income". The relief afforded by s 338, and its predecessor s 248 of the Taxes Act 1970, was not limited to "short

interest" as claimed by the Revenue.

Lancelot Henderson QC (Inland Revenue Solicitor) for the Crown; Andrew Park QC and Hugh McKay (Herbert Smith) for the taxpayer.

Value added tax
Customs and Excise Commissioners v Robert Gordon's College; HL (Lord Keith of Kinkell, Lord Lloyd of Berwick, Lord Nichols of Birkenhead, Lord Steyn and Lord Hoffmann); 16 Nov 1995

A school, which was exempt from VAT in respect of supplies of education, did not make exempt self-supplies under the Value Added Tax Act 1994, sch 10, paras 5 and 6, when it started to use its sports facilities which it had developed on its own land, having waived VAT exemption with regard to the development. The school used the facilities under a non-exclusive licence agreement with a company, which had also waived exemption, to which it had granted a lease of the facilities. Under EC law, each transaction in the chain of supply was to be looked at separately for VAT purposes to ascertain the value added at each stage. The grant of a licence to the school was a taxable transaction and input tax could be recovered in respect of payment under the licence.

Pharmacies
R v Yorkshire Regional Health Authority, ex p Sur; ex p Gospod; CA (Russell, Thorpe, Ralph Gibson LII); 29 Nov 1995

Yearly interest payable by a property company but agreed to be capitalised for a stated period was deductible from the company's profits under the Income and Corporation Taxes Act 1988, s 338 as a "charge on income". The relief afforded by s 338, and its predecessor s 248 of the Taxes Act 1970, was not limited to "short

Jurisdiction
Egon Oldendorff v Liberia Corps; QBD (Comis Ct) (Clarke J); 16 Nov 1995

Challenging of the Guard
The High Court rejected the argument that the Queen's Life Guard, the Queen's Royal Horse Guards, 1st Battalion the Queen's Lancashire Regiment, 1st Battalion the Royal Fusiliers, 1st Battalion the Royal Dragoon Guards, 1st Battalion the Royal Welsh, 1st Battalion the Royal Irish, 1st Battalion the Royal Ang

business

Lt. C.
Dough
de Co.

TODAY

Companies
Ivory & Sime kicks off the week. The Edinburgh investment management group stunned analysts earlier this year when it revealed funds under management had slumped from £3.7b to £3.1b in just six months.

The company blamed its problems on portfolio refuelling by US funds, the loss of Lloyds' syndicate investments and the fall in emerging Far Eastern markets. Observers will be keen to learn whether it has been able to recoup some of the losses lost. Although the picture will have been improved by the subsequent acquisition of Clan Asset Management from 30 per cent shareholder Caledonia Investments, half-way profits are expected to have fallen. Tony Cummings at SBC Warburg is going for £2.86m, down from £3.1m, although he is looking for the interim dividend to be raised to 2.3p from 2.25p.

Interims: Brasway, British

Thornton, Crest Packaging, Edinburgh Japan Trust, Foreign & Colonial Smaller, Ingaham, I&S Optimum Income, Ivory & Sime, Jones & Shipman, Lawrence, Moorgate Inv Trust, Mosaic Inv, Rolfe & Nolan, Schroder Split Fund, Victoria Carpet, Wintrust.

Finals:

Abercrombie Group, Fairhurst European Smaller, Kilmac.

AGMs: Benchmark Group, Bridport-Gunday, F&C Special Estates, Ferraris Group, Ivory & Sime Enterprise, Kleinvort.



Second Endowment: Kleinwort Second Development, Murray Split Capital, Nursing Home Properties, Rainey, TR Far East Inv Inv.

AGMs:

Ambrey Group, Re-

ecomics

The Public Sector Borrowing Requirement is expected to be £2.8bn in November, following a repayment of £1.3bn in October on the back of heavy corporate tax payments. The City will be watching closely to see if the deficit is now on track to meet the new higher forecasts of £2.9bn for 1995/6 set out by the Treasury in the budget.

TOMORROW

Companies

Opinions are divided as to why the Howden engineering group has brought forward its interim results from January. The share price has fallen from 93p to 67p in four months and

one view is that this has prompted the company to make an early statement to allay concerns about current trading. It is, after all, barely five years since Howden was hammered by a near-disastrous contract on Denmark's Store Baelt tunneling project. Others believe that Howden is merely getting its interim results out of the way before Christmas. Either way, analysts expect pressure on margins to have continued, delaying the company's plan to reach a 10 per cent return on sales.

The market will also be watching out to see if the recent impressive performance at keeping orders ahead of sales has been maintained. Forecasts are for profits of £11m to £11.5m in the six months to October, up from £10.6m before. **Interims:** CH Bailey, Compo Holdings, Henderson Highland Trust (Q3), Howden Group, Murray Smaller Mar-

kets, Radiant Metal, Templeton Emerging Markets

Finals:

Eurotherm, First Choice Holidays, Windsor

AGMs: British Assets Trust, Finsbury Growth Trust, Foreign & Colonial Eurotrust, Majedie Inv, Moran Holdings, Scottish Value Trust, UK Estates

EGMs: Horace Clarkson, Oakham Holdings

Economics

In the US, the Federal Reserve Open Market Committee meets to decide interest rates.

Earlier in the year, the Fed indicated that a deal on the budget would pave the way to further cut in rates following the quarter point reduction in July. Wall Street speculates that the gathering wealth in the economy may lead the FOMC to cut rates even though a budget deal has been postponed until the New Year. The OECD issues its projections for the industrialised world for the next two years.

cutting its forecast for growth in 1996 from the 2.7 per cent expected in June.

WEDNESDAY

Companies

Interims: Aburst Preferred, Artesian Estates, Electric & General IT, M&G Second Dual Trust, Murray Split Capital

Finals:

Legal & General Recovery, Loades, Rodime

AGMs: Echlin Inc, Foreign & Colonial Emerging

EGMs: RTZ, Waitakachak

Economics

Provisional figures for broad money, M4, are expected to show it expanding by 0.5 per cent in November, bringing the annual rate of growth down from the 8.7 per cent chalked up in October. The Chancellor cited the current pace of expansion as a reason for cutting interest rates by a quarter rather than half a per cent, so

the markets will be looking keenly to see if it has peaked.

The trade deficit with countries outside the EU is expected to improve to £950m from the record £1.2bn deficit in October.

THURSDAY

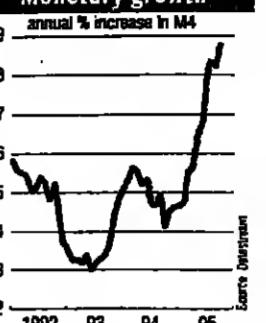
Companies

Interims: Winchester Multi-media

Finals:

Aburst Emerging Econ IT, Burndene Inv, St David's Inv Trust

Monetary growth



AGMs: Broadgate Inv Trust, Edinburgh Inca Trust, OEM

EGMs: Aircus, Crabtree Group, Hernmarj Land & Development, Molyneux Estates, Racial Economics

Final figures for the economy's performance in the third quarter released. The market is not expecting further revision to the growth of 0.4 per cent shown in the last estimates.

The current account balance is expected to narrow from £2.4b in the second quarter to £1.9b, thanks to an improvement in invisibles.

The US Bureau of Economic Analysis issues personal income and consumption figures for October and November. Markets expect declines from September's 5.7 per cent and 5.3 per cent rates.

FRIDAY

Companies

Finals: Kelsey Industries

AGMs: Ex-Lands

EGMs: Ex-Lands, Robert H Lowe, World Fluids (Hilg)

Category	Stock	Price	Chg	Yld	P/E	Code	Category	Stock	Price	Chg	Yld	P/E	Code	Category	Stock	Price	Chg	Yld	P/E	Code	Category	Stock	Price	Chg	Yld	P/E	Code
Banks, Retail	ABN Amro	100.00	-0.50	1.5%	12.0	ABN	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	ABN	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	ABN	Baillie Gifford	100.00	-0.50	1.5%	12.0	ABN	
Breweries	Adnams	100.00	-0.50	1.5%	12.0	ADN	Anglo Irish	100.00	-0.50	1.5%	12.0	12.0	ANG	Anglo Irish	100.00	-0.50	1.5%	12.0	12.0	ANG	Anglo Irish	100.00	-0.50	1.5%	12.0	ANG	
Building/Construction	Barclays	100.00	-0.50	1.5%	12.0	BAR	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	
Diversified Industrials	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	
Engineering Vehicles	Balfour Beatty	100.00	-0.50	1.5%	12.0	BAL	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	
Dredging	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	
Electronics	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	
Engineering	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	
Gas Distribution	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	
Health Care	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	
Index-linked	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	
Updatd	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	
Shorts	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	
Mediums	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	
Longs	Baillie Gifford	100.00	-0.50	1.5%	12.0	BAI	Baillie Gifford	100.00	-0.50	1.5%	12.0	12.0	BAI	Baillie													



KEITH SKEOCH

BP clinches £2.3bn Algerian deal

PETER RODGERS
Business Editor

BP is close to announcing agreement on a \$3.5bn (£2.3bn) joint venture in Algeria that could eventually produce as much gas as the company now delivers annually from the whole of the North Sea.

The deal has been negotiated with Sonatrach, the Algerian oil and gas company, and the gas produced will be exported to Spain and Portugal through a pipeline nearing completion across the Straits of Gibraltar.

Although the BP-Sonatrach gas is not intended for the Northern European market and will not arrive in Spain until 2002 at the earliest, the project underlines the scale of the

continuing surge of new gas supplies into Europe as a whole, which has caused prices to fall.

This general market weakness has brought big difficulties for companies such as British Gas that are locked into high-price supply contracts.

The initial phase of exploration and appraisal will cost \$100m and be entirely funded by BP, which is confident that it will be able to exploit the large reserves already known to exist in the area.

The company will fund two-thirds of the eventual \$3.5bn bill for exploiting the gas, including a 520km pipeline costing \$1bn across the desert to join the new line to Spain.

It is understood to have agreed to take about 30 per cent

of the net profits of the development after payment of royalties and taxes, assuming the deal goes ahead.

BP believes it has investigated the potential security threat from the Islamic fundamentalist unrest in Algeria but this has not deterred the company from backing the project.

Oil specialists point out that 98 per cent of violent incidents have been in the far north of the country and the remote location of the gasfields, on flat rocky terrain with 20 miles visibility, should make a high level of security feasible.

BP is thought to have drawn on the experience of oil exploration security regimes in Colombia and Vietnam, where the company also has big op-

erations. It has prepared plans for safeguarding its employees, who will number about half the 50-strong team in the exploration and appraisal phase.

The gas fields are in a region about the size of England called In Salah, after the one small populated area it contains. The BP-Sonatrach licence area of 25,000 square kilometres covers about 20 per cent of In Salah, which is in the depths of the Sahara, one of the hottest places on earth, where temperatures regularly reach 45 degrees.

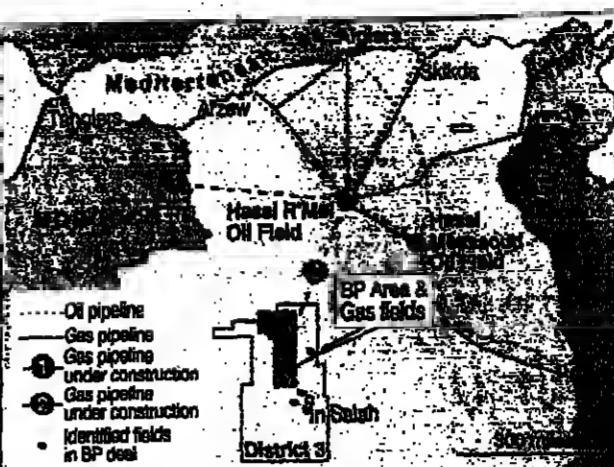
The area has been known to contain large amounts of gas since the 1950s, with seven gas fields already located. But it is remote and the geology is tricky, so Algeria concentrated on exploiting a huge gas field

further north at Hassi R'Mel, one of the biggest in the world, which was discovered in the 1970s. Gas from that area is exported by pipeline to Italy.

The growth of markets for Algerian gas in Spain, Portugal and Italy led Sonatrach to look to In Salah for new supplies.

Algeria has the world's eighth-largest gas reserves and 90 per cent of its exports are oil and gas. Oil specialists believe BP's new technology for producing three-dimensional seismic images of underground rock formations is particularly attractive to Sonatrach because it will allow the developers to overcome some of the technical difficulties of tapping the In Salah fields.

BP's agreement is expected to allow withdrawal if there is not sufficient gas to merit exploitation. First gas would not be delivered until 2002 or 2003, and will be sold in Europe by a joint marketing company in which BP and Sonatrach will have 50 per cent each.



Kvaerner hits back against Needham

RUSSELL HOTTEN and MAGNUS GRIMOND

Kvaerner hit back at the former trade and industry minister Richard Needham after he warned that its takeover of Amec might undermine UK exports growth.

The £360m hostile bid by the Norwegian engineer for the UK contractor closed at 1pm today, with analysts saying the outcome is too close to call.

Kvaerner said the last-minute intervention by the MP, who as a minister worked closely with Amec's chairman, Sir Alan Cockshaw, was surprising and unwelcome.

In a letter in Saturday's *Financial Times* Mr Needham, who recently became a director of GEC, said the UK would be "severely disadvantaged" without companies like Amec to win exports. He was particularly concerned about the impact Amec's loss of independence might have on relationships with countries in the Far East.

An Amec adviser said Mr Needham had simply pointed out that the company was world-class. But with the bid finely balanced, Kvaerner reacted strongly, arguing that Amec's track record in the Far East was not so remarkable.

"Amec's international operations would remain in London after the takeover," said Kvaerner yesterday. "We work closely with many UK companies, including Amec. And Kvaerner has invested £100m in the UK."

The bid was left hanging in the balance: at the end of last week as Norwich Union sold its 2.6 per cent stake in Amec, leaving Kvaerner sitting on 26 per cent of its target. Some other big shareholders, including M&G with 8 per cent, lined up behind Amec.

The outcome will depend on small shareholders, holding around 20 per cent of Amec and on PDM, the fund management offshoot of Union Bank of Switzerland, which holds 14 per cent.

The bid has been marked by more than the usual degree of acrimony. Amec sacked its public relations advisers after they were heavily censured by the Takeover Panel. There has also been criticism of the tactics employed by Kvaerner in pursuing the bid. M&G hit out at the use of a seldom-used rule to cut the bid timetable from 60 days to just 21. Another institution was critical of the dawn raid which netted Kvaerner's original 10 per cent stake in Amec.

Gloves come off in bust-up of holiday traders

JOHN SHEPHERD

A fierce row between Thomson and Thomas Cook, two of the best-known high street names in holidays, may spill over into the courts. Thomson has already disconnected Thomas Cook from its holiday booking system. Without access to the computer network, Thomas Cook has had no choice but to remove Thomson's brochures from the shelves across a network of 385 shops.

All communications between the two companies fell silent a fortnight ago following a disagreement over how much commission Thomas Cook would earn on selling Thomson holidays. The two companies were negotiating new contracts, but Thomas Cook refused a "take-it or leave it" deadline which Thomson imposed.

Thomson, which sells one in three of the 10 million overseas package holidays taken by the British public, is now considering re-igniting a separate dispute. The wrangle concerns instructions given from within the Thomas Cook empire to shop managers to offer alternative packages to customers trying to book Thomson holidays.

Moreover, the industry has been hard hit this year due to its own over-optimistic forecasts about how many people would flock abroad in the summer.

The scars were openly displayed in last week's announcement of annual results from Airtours, the second-biggest operator. Profit from UK tour operations plunged by £29m to £33.4m. The "give-away" of holidays at below cost was amply highlighted by a crash in the operating profit per passenger from £18 to £9.72.

Representatives at Thomas

Cook were reluctant to discuss this particular issue, although a spokeswoman admitted: "We have apologised for that. It happened a while ago now." The spokeswoman declined to go into what she called "the nitty-gritty" of the dispute. "We don't want to go into details. We really don't want to talk about what they are."

It has been established, however, that the instructions to offer alternative packages to customers trying to book Thomson holidays were stopped once the practice was uncovered. The identity and management position of the person or people responsible for giving the instructions to shop staff is not being revealed by Thomas Cook. No one has been fired as a consequence.

The dispute, even if it does not go to court, will financially hurt Thomas Cook, which has a 13 per cent share of the overseas holidays sold in this country. At least one in 10 of Thomas Cook's customers books a Thomson holiday.

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What every well-dressed woman wants: It's a phone, a fax, a computer – and, of course, an Internet connection. BT director Patricia Vaz unveils the first working prototype of the 'Office on the Arm' which combines a customised Apple Macintosh and a GSM phone. Photograph: Stuart Goldstein

Reuters warns of threat to share-dealing revolution

JOHN EISENHAMMER
Financial Editor

Reuters, the information conglomerate, has warned the Stock Exchange that the continued inability to resolve arguments over new share trading systems could jeopardise the 1996 date for the exchange's order-driven dealing revolution.

Reuters, which would supply a large portion of the links between the dealers and the Exchange, said the complicated technology needed clear decision or there could be no commitment to the August timetable put forward by the Exchange. "We won't commit to a date until we can see what the market really wants," said John

Parcell, managing director of Reuters UK.

The pressure was stepped up as Reuters introduces today a capacity enabling traders to deal in smaller companies shares directly on the London Stock Exchange through an order-matching system.

This enables the Exchange to fight back against fledgling

rival, Tradepoint, which in September opened the first alternative exchange, using an electronic order-driven system. This automatically and anonymously matches buy and sell orders, cutting out the market-making middlemen who have run the Stock Exchange's traditional quote-driven dealing system.

The Stock Exchange has set

27 August 1996 as the date for introducing a state-of-the-art order-driven capability, which could mean two dealing systems competing for the same stocks. But some of the Exchange's most powerful members, the big market-making firms, are resisting this for fear that it will put them out of business.

Fidelity faces SEC inquiry after shares sell-off

World's largest mutual fund accused of deliberately manipulating the market

Grow to be the master of your patch and before long the rabbles outside – either your competitors or, more likely, the federal government – will start to look for ways to knock you down. In this country, at least, it is as predictable as egg-nog parties at Christmas and the hangovers that come afterwards.

Ask Bill Gates, whose Microsoft Corporation has, in the last 18 months, been the target of a slew of unfair competition investigations by the Justice Department. The presumption is that big must mean bad. Mr Gates is undeterred, of course, announcing only days ago his latest foray: a pair of joint ventures with NBC.

Now it is the turn of Fidelity Investment, the Boston-based mutual fund, or unit trust, com-

pany that is the biggest in the world. Fidelity manages an astonishing \$350bn in assets and by some estimates is responsible for between 5 and 7 per cent of all trading on the New York Stock Exchange.

Suddenly, though, it has become the target of multiple murmurings of unethical practices. Specifically, one of its best-known managers is facing claims that he has offered up to 10 per cent of his fund's advan-

tage. That would be a serious violation of the 1934 Securities Exchange Act and lead to potentially severe disciplinary action against him and Fidelity.

The case against him arises in part from comments he made to US News & World Report magazine in which he argued that Micron's valuations were reasonable and the fundamentals still outstanding. This was on 6 November (although the quote was published on 11 December) at a time when Mr Vinik's fund was running away fast from

Micron. According to SEC filings, Micron had sold 1.6 million shares of Micron to Magellan in October. While Magellan still had 10.5 million Micron shares on 31 October, by the end of November its holding had dropped back to 1.2 million.

The evidence was compelling enough to persuade a pair of Boston investors who had bought Micron stock to sue Mr Vinik, alleging deliberate manipulation of the market.

Determining the guilt or otherwise of Mr Vinik is certain to be difficult. It is precisely because of the enormous sway of his fund that Mr Vinik was always going to be in a virtually impossible position when the moment came to start backing out of hi-tech stocks – this year's hot holdings – including out of Micron. Even a "no-comment" would trigger an instant sell-off as investors detected a waning of enthusiasm for the company.

Still, Mr Vinik's prospects will not be helped by a report in Friday's *Wall Street Journal* that Micron is not the only stock on which his statements may not have panned with his deeds.

The paper recalled an interview Mr Vinik gave to *Barron's* magazine in September 1994 in which Mr Vinik admitted that he had sold half of Magellan's Goodyear holdings, but added that he intended holding on to the rest. Filings subsequently showed that Magellan had sold off all its Goodyear position by the end of that month.

Barry Barbash, director of the SEC's investment management division, said: "The SEC's interest or concern would certainly be intensified to the extent there were more instances of questionable transactions."

As Fidelity ponders the controversy, two possible morals may occur to it. One, it should never have become so big and powerful and thus opened itself to violent assault, or two – which is probably much more appealing – never allow your managers to give interviews to the press.

David Usborne

STOCK MARKETS						
FTSE 100						
3642.60	+12.6	+0.3	3680.40	2954.20	3.96	
3959.80	+26.6	+0.7	3991.30	3800.90	3.58	
3186.40	+7.5	+0.4	3212.50	3211.00	3.87	
FT Small Cap 1940.04	+1.2	+0.1	1988.11	1678.61	3.34	
FT All Share 1780.34	+7.0	+0.4	1837.78	1489.23	3.84	
New York 5176.73	+19.9	+0.4	5216.47	3882.08	2.27	
Tokyo 19346.55	+59.6	+0.4	19684.04	14485.41	0.77	
Hong Kong 9858.65	-5.0	-1.8	1032.93	6967.92	3.57	
Frankfurt 2284.77	+17.3	+0.8	2217.27	1910.96	1.96	
Paris 1859.25	+2.9	+0.2	2017.27	1721.80	3.19	
Milan 9315.00	+442.0	+5.0	9911.00	8757.00	1.74	
FTSE 100 index						
Source: FT Information						

INTEREST RATES						
UK interest rates						
5-year curve 6-50 year gvt	7.0					
10-year curve 6-50 year bond	7.4					
15/7/95</td						

IN BRIEF

PC and motorist die in car chase

A man and a police officer were killed in a collision during a car chase. The West Midlands Police said it was following a suspect from Birmingham to the West Midlands. The suspect was found dead at the scene.

Security fears

Concerns have been raised about the safety of mobile phones and other electronic equipment. The Post Office has issued a warning to customers to take care when using their mobile phones.

Death row plea

A man has been granted a new trial after he was sentenced to death for killing his wife. The man, who was sentenced to death in 1989, has now been granted a new trial.

Stolen cab theory

A man has been arrested in connection with the theft of a taxi. The taxi was stolen from a taxi rank in London.

Loss in workplace

A man has been arrested in connection with the loss of a valuable item in a workplace. The item was taken from a safe.

Battery charge

A man has been arrested in connection with the battery charge of a car. The car was stolen from a car park.

Logistics jackpot

A man has been arrested in connection with the logistics jackpot. The jackpot was won by a man who had been playing for a long time.

IN BRIEF

Manufacturing pay standstill

Manufacturing pay awards averaged 3.6 per cent in the three months to end-October. This compares with 3.5 per cent for the quarter to end-September, and 3.2 for the three months to October 1994. The figures were backed up by Income Data Services, whose report out today says general pay rises are up by between 3.5 and 4 per cent.



KEITH SKEOCH

"If the world continues with its current programme of fiscal consolidation, this will continue to constrain the pace of economic activity."

Dubious monetary benefit from fiscal squeeze

One of the many big surprises for economic forecasters in 1995 was the rapid slowdown in economic activity. Three years into synchronised recovery, the pace of growth across the world is both sluggish and patchy. The outlook for 1996 shows little sign of improvement. This is a confusing picture for economic forecasters and policy-makers alike, for those famous "economic fundamentals" are remarkably benign. The only blackspot is an otherwise helpful background is the high level of budget deficits and the rising tide of public indebtedness. Even here, however, progress is being made as many governments have put in place fiscal consolidation programmes aimed at reducing their budget deficits.

Conventional wisdom and economic theory suggest that the reward for fiscal squeeze is monetary ease and a fall in both short- and long-term interest rates. In the first instance, the monetary ease provides some support for economic activity to help offset the debilitating effects of the fiscal tightening. Later, the monetary ease provides a stimulus as the impact of the fiscal squeeze on activity fades and the economy feels the benefit of a lower structure of interest rates.

While the experience of the last few years confirms that there are up-front costs associated with fiscal consolidation, there is little evidence so far to support the view either that there is a monetary offset or an eventual boost to growth. While some G7 inter-

est rates have fallen, the weighted average is little changed from its average in 1993.

In order to explore further the impact of a fiscal squeeze on the economic outlook we have analysed the monetary impact of a number of periods of successful fiscal consolidations over the last 20 years identified by Alessio and Perotti in a recent study. "Fiscal Expansions And Adjustments in OECD Countries" (Economic Policy, 21, October 1995). The authors define a successful fiscal consolidation as a very tight fiscal stance in one year such that the gross debt/GDP ratio three years later is at least 5 percentage points of GDP lower than in the first year.

They identify 14 successful episodes spread across the OECD area between 1968 and 1990. Although the examples of successful fiscal consolidation are geographically diverse and spread throughout the period, they should provide a decent test of whether monetary ease follows fiscal squeeze.

Perhaps the most surprising finding is the rise in short-term interest rates following the period of fiscal consolidation. On average, three years after the initial tightening, short-term rates were 1.1 per cent higher, rather than the drop predicted by theory. Only four episodes saw a fall in short-term rates over three years: France in 1969, Denmark and Sweden in 1984 and the UK in 1969. Bond yields show a tendency to fall in the first year as the fiscal consolidation has its initial impact but this effect fades thereafter.

A number of important conclusions follow from this case study, which have direct implications for the economic outlook over the next couple of years:

■ Virtually all successful fiscal consolidations to date have taken place in a period of robust economic growth when the economy is either well established in an expansionary phase or is close to the top of the cycle;

■ Almost all consolidations have been followed by a slowing of economic activity rather than an acceleration;

■ Historical precedent as opposed to economic theory gives little support to the view that the negative impact on economic activity from a successful fiscal consolidation is offset by the resulting impact on monetary policy. Perhaps the most extreme example is the UK in the late 1980s when interest rates moved in the opposite direction to some massive swings in the Budget deficit;

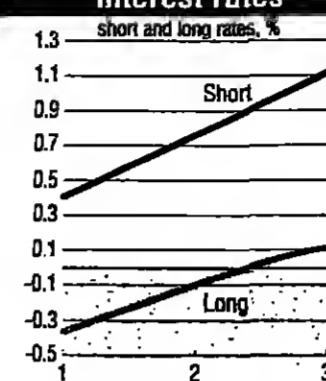
■ The only clear-cut evidence of monetary impact comes at the long end. An economy would therefore have to be particularly sensitive to long rates, especially in real terms, and insensitive to the exchange rate to benefit from any sense of monetary stimulus.

The clear-cut inference of our study is that if the world continues with its current programme of fiscal consolidation, this will continue to constrain the pace of economic activity. Both the OECD and IMF estimate a discretionary fiscal tightening of around 0.5 per cent of GDP over the next couple of years.

as Europe chases the Maastricht criteria and the US attempts to balance its budget. While the risk of recession is very slight, as the imbalances required to create the conditions for a contraction in spending are simply not in place, a monetary-led acceleration in activity looks distinctly unlikely. Recent cuts in rates are a policy response to slow growth rather than the rewards for successful fiscal consolidation.

If this recovery does proceed at a slower pace than the last two recoveries it will also help to keep inflation in check. Indeed, the slower pace of economic expansion may well help to explain why inflation has remained

Interest rates



so low and why real wages have been so subdued. This latter factor may well provide a silver lining in an otherwise dull and cloudy outlook, which sees the world economy growing at close to trend for some considerable time. If real wages do remain subdued this will continue to facilitate a rise in the profit share of GDP, which over the very long run will help lift the investment rate and minimise the inflation damage from sustained economic expansion. This upswing is likely to be very long but it may be some time before it becomes very strong.

There are also some interesting conclusions for specific countries. In the US, for example, while the current economic background augurs well for fiscal consolidation and a balanced budget package, medium-term success depends on expansion continuing, while short-run implementation suggests a slowdown. This conundrum suggests that the ability of the US to deliver a balanced budget should be treated with some scepticism.

The message from our study is boldest for France, where the fiscal consolidation package seems doomed to failure on all grounds. The economy is not well established in the upswing and is very insensitive to shifts in interest rates. If the monetary response is not there, then growth will suffer unless, as we suspect, the French abandon franc for in 1996 and allow the exchange rate to depreciate.

Keith Skeoch is chief economist at James Capel & Co.

The taxman with his sights on a clear picture

Fair but firm: That's the motivation behind the Revenue veteran trying to make sure large companies pay the right amount of tax

will come if a review, just completed, of Mr Jones's department leads to the approach being extended from the 33 district offices to the 37 outside London.

For the moment, though, the attention of the tax community is largely focused on the £1.6bn "technical adjustment" that formed a significant part of the Large Groups Office's con-

tribution to the national coffers.

Though the amount is understood to relate to several years, speculation is rife about who could have incurred it. Mr Jones will only say that such adjustments come from looking at companies' affairs and reaching agreement with them. "Maybe there's a genuine misunderstanding of the tax implications of something. A lot of them relate to complex negotiations in difficult areas of the law," he says.

Nevertheless, while reorganising in this way – as Mr Jones puts it – creates a greater appreciation of the way that business does things, it also leads to a "better awareness of what they are doing." Especially since his department is better able to see the bigger picture through also including two units that were previously under separate control – the special investigations section, responsible for countering corporate tax avoidance, and the national PAYE audit group, which checks on deductions made for employees by big employers. He would, he adds, be "very disappointed" if it didn't make us better able to keep up with determined avoiders.

Though the official line is that it is too early to tell how the unit is working, it is estimated to have helped bring in an extra £4bn to the Exchequer last year. The total recovered by the Revenue's compliance unit – of which it forms a part – was £26.1bn – equivalent to 3.5% on the basic rate of income tax. A clearer sign of how it is viewed.

THE MONDAY INTERVIEW

RICHARD JONES

ciding what is the appropriate amount can prove difficult. Indeed, it is dealing with this complexity that lies behind the establishment of the Large Groups Office.

In the past it has not been unknown for 15 different arms of the Revenue to be looking at a single case at one time and to be talking to each other "in a poorly co-ordinated way." The response is the development of co-ordinated casework – known in Revenue parlance as CCW.

Under this, the individual district forms a strategy for looking at a case and calls on specialist skills in such areas as pension schemes, fiscal-related pay and transfer pricing as required. "We're bringing a much clearer business approach into the way we deal with compliance and customer service," says Mr Jones. While pooling of information may help with the detection of avoidance schemes, it can also lead to the detection of "red herrings" and so rule out further investigations.

Efficiency is also another important driver, because of the tight spending controls with which senior managers in both private and public sector have become familiar. Though he will not say how much is available to him, he points out that the establishment of the unit did not lead to any increase in funds and that he must bid for his operating budget next year.

Although he has previously been a regional controller, this 40-year veteran of the Revenue confesses that he did not really know what he was getting into when he first took on a position that puts him just a few rungs below the chairman of the Inland Revenue Board. Like most of the 450 people under him, he is a career tax inspector. Now a grandfather, he joined the organisation at 19 and after passing his exams gained experience in various regional offices.

It is only in the past nine months that he has "got a handle on how best to deal with these matters," he says. After all, it is not as if the Large Groups Office is a lone innovation. It forms part of a fundamental change in the Revenue's culture that Mr Jones characterises as becoming "not more professional, more businesslike."

Pay and File is being introduced as the first step towards a corporate version of the self-assessment system about to start for individual taxpayers. A plan to simplify the tax system was published last week. And there is a generally more commercial attitude abroad. He hopes that the changes help the Revenue meet business's needs, but is probably hindered by

the fact that only a handful of inspectors have direct experience of the companies they are looking into.

While movement between the private and public sectors has been actively encouraged for some time, few tax specialists from accountancy firms or commerce have joined the Revenue. By comparison, the leading firms are full of former

inspectors able to give their new colleagues fresh updates on the methods of operation.

But Mr Jones appears unfazed. Though he feels that pressure to hire in people from outside might increase the number of people with external experience, he currently relies on the closer contacts being forged with business.

A full-scale survey aimed at

they can complain: him. In addition, he feels that his own staff enjoy being able to take an overall look at the organisations for which they are responsible. As for himself, he does not have the time that he would like to visit the Devon of his roots – and the pictures that adorn his office walls – but he is convinced that this is "a job that's worth doing."

Roger Trapp

THE UNIVERSITY OF NOTTINGHAM

ASSESSING OUR IMPACT

ACHIEVEMENTS AT HOME AND ABROAD

Every year, in December, the University publishes its Annual Report. It allows us to examine the extent to which we have succeeded in achieving our aim, to explain our policies and to demonstrate the lessons we have learnt from experience.

It also provides an opportunity to examine the impact Nottingham has had nationally, internationally and, just around the corner, in our own local community.

REGIONALLY, the University's impact is diverse; it injected some £200 million into the local economy in 1994-95, is one of the largest employers in Nottingham, and the staff of its Medical Faculty provide much of the consultant medical care in the City.

Its new £5 million Arts Centre attracted greatly increased audiences for visual and performing arts and more than 12,000 people participated in its Adult Education courses.

NATIONALLY, research awards rose by a remarkable 22% to a new high of £40 million. Independent statistics showed Nottingham to be the most sought-after UK university in terms of student applications – 17+ for each available place. In the teaching quality assessment exercise Nottingham returned one of the highest proportions of departments earning top grades.

INTERNATIONALLY, Nottingham made great progress towards bringing to fruition exciting development schemes in Thailand and Malaysia, in co-operation with home governments and the private sector.

In the fields of research and teaching, in economic, social and cultural life, we believe our staff and students made great progress in 1994-95.

If you would like to read about our activities in more detail, ask for a copy of the Annual Report. It is available from the Public Affairs and Information Office Telephone: 0115 951 5765 Fax: 0115 951 5733 Electronic mail: Signy.Johnson@nottingham.ac.uk



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Wall Street looks for cut in fed funds rate

PAUL WALLACE

Economics Editor

Wall Street is betting on a cut in US interest rates as early as tomorrow, when the key open market committee of the Federal Reserve meets. A cut of a quarter point is expected in the federal funds rate, bringing it down to 3.5 per cent.

Donald Straszheim, chief economist at Merrill Lynch, is predicting that this cut will be followed by two further reductions, taking the fed funds rate down to 5 per cent by spring next year. A cut of over a quarter point is currently priced into the market for three-month Treasuries.

Fears that the economy is weakening are thought likely to prompt the Fed to act. The most recent economic figures have pointed to a slowing economy and an absence of any inflation threat.

Ten days ago, the employment report, a key barometer of the state of the economy, showed only modest growth in

non-farm payrolls. The monthly increase over October and November of about 100,000 was under half the growth shown last year when the economy was expanding fast. A further sign of increasing slack in the economy was a fall in the average weekly hours worked – a good proxy for GDP growth.

There has also been a sharp decline in the sales of new homes, which had helped bolster the economy following the decline in mortgage rates over the summer. In October, they fell to their lowest level since May.

Industrial production has been flat since August, bringing the annual rate of increase down to under 2 per cent compared with over 6 per cent at the beginning of the year. Retail sales, too, have been subdued.

The inflationary background should present few problems to the US central bank. Although wholesale prices jumped unexpectedly in November, pressures further down the pipeline have eased sharply.

IN BRIEF

NatWest close to US sell-off

NatWest Group is this week expected to complete the sale of its US retail banking arm, Bancorp, for about £2bn-plus. Fleet Financial, the New England bank, Bank of New York, and First Fidelity are among the likely buyers. NatWest is ending its position as a small retail player in the US, switching the resources instead into building up its investment banking activities in New York.

First 'wise woman' tipped for panel

An announcement of Kenneth Clarke's new panel of "wise men" may be brought forward to this week, with Kate Barker, the CBI's economist, strongly tipped to become a "wise woman". Others on the shortlist include Bridget Rosewell of Business Strategies, and Penelope Rowlett of National Economic Research. The panel was due to be announced in January, but the Treasury said yesterday it may now be this week.

£4bn fees for C&I

Coopers & Lybrand International fee income for the year to September rose 13 per cent to £6.2bn (£4.1bn). The biggest rise was for human resources work, up 22 per cent. Audit work grew 10 per cent, and management consultancy rose 15 per cent.

Manufacturing pay standstill

Manufacturing pay awards averaged 3.6 per cent in the three months to end-October. This compares with 3.5 per cent for the quarter to end-September, and 3.2 for the three months to October 1994. The figures were backed up by Income Data Services, whose report out today says general pay rises are up by between 3.5 and 4 per cent.

news

Countdown to Christmas: Small retailers are losing out to out-of-town stores in battle for consumers' cash

Cautious shoppers seek value for money

GLENDA COOPER

Shops are having an austere "value for money" Christmas, with manufacturers and retailers facing a tough battle to persuade Britain's consumers to part with their money.

Electronic goods manufacturers are offering customers up to £1,000 free software to tempt people to buy their brand, and mobile phone companies have abandoned gimmicks in favour of money-back offers and low call charges in their advertising campaigns.

According to the British Retail Consortium, "people are giving useful presents this year, rather than throw-away gifts". A spokeswoman said: "They are also buying things that are not overly expensive. And if they spend more money it's only because they perceive it as being better value rather than being lavish."

Consumers are going for the best possible choice which means while big stores and out-of-centre shopping centres prosper, small retailers are losing out. The Metrocentre in Gateshead, which has 340 outlets, is attracting about 750,000 visitors compared to the usual 600,000, and the Lakeside shopping centre in Essex has seen visitor numbers rise 10 per cent - to 650,000.

Sally Collinson, of the Oxford Street Traders' Association, said that the big stores in Oxford Street were doing well. Selfridges' sales were up more than 10 per cent and shops such as John Lewis, Debenhams and Marks & Spencer had sales up nearly that high.

"We put it down to the fact that the tourist trade now lasts 12 months a year," said Ms Collinson. "The pound is fair-

ly weak and so we're doing quite well with the foreign travellers we attract."

But Chris Greenall, head of policy at the British Chamber of Commerce, warned that smaller retailers could find themselves squeezed out. "For small retailers the times are very hard. I think it's difficult because they don't have the diversity. People are willing to drive for two hours to an out-of-town shopping centre because they want the choice. It's not a price thing," he said.

Computers are "the Christmas gift this year", according to John Clare, chief executive of Dixons. The number of PCs has grown by 15 to 20 per cent over the last three years and for those sold for home use the percentage is even higher. It is a fiercely competitive market though, with most purchases costing over £1,000.

This week - the peak week for sales - Dixons expect to sell 10,000 personal computers this week.

Software bonanza: Computers are "the Christmas gift". Dixons expects to sell 10,000 personal computers this week

and Sega. Sony claims it will sell 130,000 Playstations - its new generation 32-bit system costing £299 before Christmas.

"We've beaten Sega and Nintendo to become the market leaders," said Simon Jobling, head of marketing. "We're outselling them three to one and we'll dominate the market in a unique way."

Sega officials, however, are not ready to surrender. They claim that they will sell 80,000 to 85,000 units and remain sceptical about Sony's predic-

tion. "They may well say that about theirs but we couldn't possibly comment," said Jeremy Crisp, product group manager.

The computer-games empires is worth £600m in the United Kingdom alone and the amateur game companies are spending £6 million on advertising.

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High street battleground for Christmas spending

COMPUTERS:

Packard Bell 901S Multimedia Price: £1199 including VAT Software thrown in valued at £1,000. Includes Windows 95, Money Works, Entertainment Pack & Lotus Organizer, Learn Spanish and French with Asterix, Max and the Machine and Land and Air. Computer700s Price: £1199 including VAT Advent P70s Price: £1199 including VAT

PHONES:

Cellnet: Phone cost: As little as £10 - £20 Promotion: Offers up to £50 back off airtime if you sign up between 1 November and 31 December Frequent Caller Plus tariff (£25 per month) £50 off

VODAFONE:

Phone cost: As little as £10 - £20 Promotion: Similar. £50 off if you sign up in November and December, but applies equally to all tariffs no matter how much you pay per month.

CHRISTMAS NO 1

Michael Jackson: "Earth Song" by the multimillionaire star is currently No 1 in the chart. He sold 800,000 copies in the last three weeks. Seen off the opposition in the light of The Beatles' Free As A Bird.

Mike Flower's Pots: "Easy listening" version of Oasis's Wonderwall. Originally played as a joke on Radio 1. Released today and claims to have 270,000 pre-ordered singles which could push it to Number One.

COMPUTER GAMES

Sony PlayStation: Costs: £299 plus games at £40-£50. Numbers sold: 150,000 units will be sold by Christmas Advertising: Will spend £20m over

TOYS:

Barbie: Cost: Baywatch Barbie costs about £10. Sales in 1994 grew 6 million. Barbie dolls were sold per week. Currently 2nd most popular toy according to British Association of Toy Retailers. Power Rangers: Cost: Tommy the White Ranger and his White Tigerzord cost £39.99. Sales: Most popular toy last year and this year. Eighty factories around the world are now working 24 hours a day, seven days a week to meet demand. 40 per cent are bought for girls.

I need to
communicate.
I need NEC.



A few years ago, NEC unveiled one of the world's first modular notebook computers.

Its hard drive and RAM were easily upgradable and, by simply swapping the floppy disk drive for a second battery, overall battery life could be doubled. Now this innovation is taken even further by Versa 4000 and its incredible VersaBay II, the slot that has changed the face of notebook modularity.

The built-in CD-ROM drive is usually

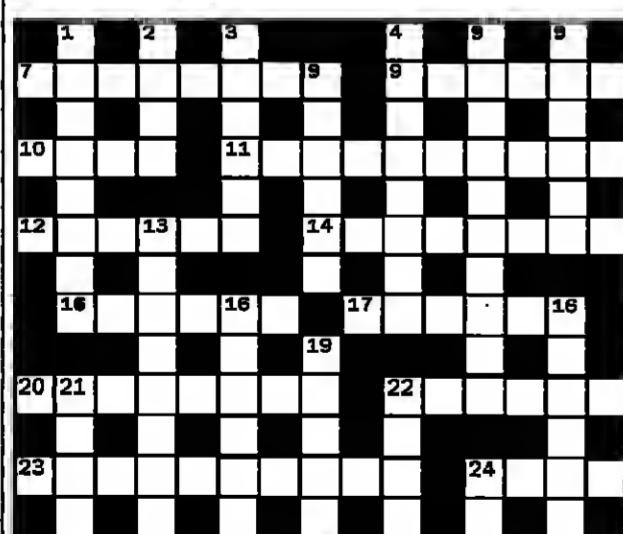
houses can quickly and easily be exchanged for a second battery to give over 10 hours battery life. Or for a second hard disk drive to produce over 2.0GB of storage. Or for the floppy disk drive that comes as standard.

Most important of all, with VersaBay II, there's no need to open up your Versa to make these changes so its major components are always protected.

Versa 4000. The notebook that's ideal for your needs. For more information on the amazing Versa 4000, phone 0345 300 1111.

THE INDEPENDENT CROSSWORD

Monday 18 December

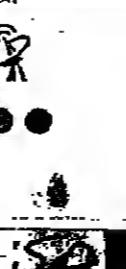


- ACROSS**
- Plausible American added to fake copies (8)
 - The European regular team? (6)
 - The responsibility's ours (4)
 - Struggled with crude metal racket (10)
 - Admiral misused lens? No? (6)
 - Repeatedly uses oot to introduce series of songs (8)
 - Cut - including page's sensational feature (6)
 - Trouble is restricting Northern beau (6)
 - Scary boiling hot lobster? (8)
 - Only in name (6)
 - Partygoers might sample these crushed crackers (10)
 - Some of the ready kept in the bank (4)
 - American Indian's a visitor to uncle? (6)
 - Squeezing ace held by Edward? Yes, with another card (8)
- DOWN**
- Dogs the French reared, with short Belgian coat? (8)
 - Card (clubs) Monsieur sacrificed (4)
 - Robert Burns's opening in a reel (6)
 - Supplanted - then reinstated (8)
 - These beggars are quite in order (10)
 - Car gathers energy (6)
 - Brooded over anger in lampoon (6)
 - Charge nuns wrongly (about pound) for cakes (5,5)
 - Twisted, making turn in vehicle (8)
 - Suffering? It's catching! (8)
 - Submerged about hour, then withdrawn (6)
 - Study anew before entering right plug (6)
 - Jack pares rough quartz (6)
 - Board's to act, introducing commercial (4)

By Mess

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2541



by Philip Meech

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THIS WEEK IN
THE INDEPENDENT

CRISIS TIME
AT THE V&A

What's
gone
WRONG
since
Estevan
Collins

THE BRITISH
COME AGAIN

Our theatrical
triumphs sweep
America

CARREY ON...
ACE IS BACK

The best new
films reviewed

COMPLETE
CHRISTMAS
TV GUIDE

Plus That dinner
Relax, don't let
drive you crazy

PM fuel
Europe

DONALD MACINTYRE,
Political Editor

John Major's
survival
is a
success
but
he
has
lost
the
trust
of
the
country

But the
Conserv
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have
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It is
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